Welcome to your CDP Water Security Questionnaire 2019

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Iberdrola Group, with a history of over 170 years, is an international leader committed to low-emission energies: it produces and supplies electricity to more than **100 million people** in the countries in which it operates, more than 40.

As a result of our **commitment to the environment** and pledge to the decarbonisation of the economy, we stand out as the **leading renewable energy company** and we have managed to reduce our emissions **in Europe by 75% since 2000, reaching levels that are 70% below the average figures of the companies from continental Europe** in the sector.

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 Euros 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).

From the beginning, Iberdrola's Group has promoted a core business based on a sustainable energy model, covering the need for stable, safe and competitive energy supplies and access for all people to this essential service under affordable economic conditions (service competitiveness and universality) with a focus on operations with lower emissions and greater efficiency in the production and use of energy where water has a fundamental role.

Once again, Iberdrola is very proud to participate in the CDP Water Disclosure 2019 and from 2012, we publish our answer in the CEO WATER MANDATE.

Water requires energy and energy requires water; which makes it a necessary resource for the activities of the Group. Iberdrola's awareness regarding the sustainable use of water is a reality; it is included in one of the 5 pillars of activity within the commitment made by the Group, as reflected in the

Sustainability Policy. Water is an essential resource and fundamental to Iberdrola's business development, making the company aware of the importance of its management and conservation.

At the end of 2018, the use of water in thermal generation has increased by 10.26 % respect to 2017 (from 945 to 1,042 m3/GWh**).** After use in cooling and other auxiliary processes, 96% of the water withdrawn at thermal generation and cogeneration facilities returns to the receptor environment in a physico-chemical condition allowing it to be utilised by other users without affecting the natural environment. The other 4 % has been consumed and/or retained in the various processes, or returned to the environment in the form of steam generated in the cooling systems of the thermal power plants.

W-EU0.1a

(W-EU0.1a) Which activities in the electric utilities sector does your organization engage in?

Electricity generation
Transmission
Distribution
Other, please specify
smart grids / demand response

W-EU0.1b

(W-EU0.1b) For your electricity generation activities, provide details of your nameplate capacity and the generation for each power source.

	Nameplate capacity (MW)	% of total nameplate capacity	Gross generation (MWh)
Coal – hard	874	1.84	1,771,000
Lignite	0	0	0
Oil	0	0	0

Gas	14,220	29.97	59,795,000
Biomass	0	0	0
Waste (non-biomass)	0	0	0
Nuclear	3,177	6.7	24,597,000
Geothermal	0	0	0
Hydroelectric	12,556	26.46	23,572,000
Wind	16,216	34.18	38,167,000
Solar	392	0.83	349,000
Other renewable	13	0.03	80,000
Other non-renewable	0	0	0
Total	47,448	100	148,331,000

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1, 2018	December 31, 2018

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

Brazil
Cyprus
Germany
Greece
Hungary

Mexico
Portugal
Romania
Spain
United Kingdom of Great Britain and Northern Ireland
United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

EUR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Belgium	Iberdrola only has a Group office in Belgium. Activities in this country are considered not-significant in water related issues, and are not included in this disclosure. Even though, the application of the same procedures and processes as those applied within

	the Group is ensured, thus ensuring the guarantees as to work, basic rights, and environmental protection as derive therefrom. For more information, please visit our Sustainability Report, page 274 https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf
Netherlands	Iberdrola only has electricity or gas supply and/or gas storage in Netherlands. Activities in this country are considered not-significant, and are not included in the sustainability boundaries. Even though, the application of the same procedures and processes as those applied within the Group is ensured, thus ensuring the guarantees as to work, basic rights, and environmental protection as derive therefrom. For more information, please visit our Sustainability Report, page 274 https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf
Algeria, Belgium, Bulgaria, Costa Rica, Egypt, Russian Federation, Latvia, Montenegro, Qatar and South Africa.	Employees in these countries represent only 0.063% of the employees of the group. Environmental information on these activities is not included as it is not deemed relevant in terms of sustainability. For more information, please visit our Sustainability Report, page 302 https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf
Spain and Mexico	Iberdrola has real state business only in Spain and Mexico. Activities in these countries are considered not-significant, and are not included in the sustainability boundaries. Even though, the application of the same procedures and processes as those applied within the Group is ensured, thus ensuring the guarantees as to work, basic rights, and environmental protection as derive therefrom. For more information, please visit our Sustainability Report, page 274 https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf
Germany, France and Italy	Environmental information on sales activities in Germany, France and Italy is not consolidated, because it is not yet integrated into the corporate systems as at the date of preparation of this report. It will be included in future reports to the extent the systems collect this information. For more information, please visit our Sustainability Report, page 274 https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Important	Direct use: 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. No withdrawals are made that significantly affect water resources or habitats relating to the water withdrawal points. The Iberdrola group does not have any plants located in areas considered to have water stress. Indirect Use: No supplier with a significant negative environmental impact has been detected. Furthermore, Iberdrola does not have major suppliers located in areas with water stress. The Group operates its Management System under an environmental management model that includes a life cycle analysis perspective to evaluate the environmental impacts of the activities and facilities.
Sufficient amounts of recycled, brackish and/or produced water available for use	Vital	Neutral	Direct use: Sea water is the most important water source for our operations and is vital for our assets located in the coast. During 2018, 62% of the water withdrawn was salt-water or brackish water, and it is mainly used to process water from power plants from non-renewable generation and as cooling water. Indirect Use: No supplier with a significant negative environmental impact has been detected. Furthermore, IBERDROLA does not have major suppliers located in areas with water stress. The high volumes of purchases made by the Iberdrola group drive growth in the countries where the company signs contracts, favouring business, industrial and social development in the regions by creating jobs along the entire supply chain. The Group operates its Management System under an

			environmental management model that includes a life cycle analysis perspective to evaluate the environmental impacts of the activities and facilities.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	For Iberdrola Group, this aspect is very relevant in all its facilities, so 100% of our generation plants have to monitor it. Within the Group´s activities, the largest volume of water withdrawan occurs at the thermal plant cooling systems, of which a small part is consumed in the process (evaporation), the majority is returned to the natural environment, following advanced treatment to ensure its quality, whilst the remainder, is used for internal services and other processes. Best available practices are used so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, trying to recycle and reuse water to the maximum. Every 6 months this aspect is report to Iberdrola's corporate environment department in order to be reviewed, consolidated and communicated.
Water withdrawals – volumes from water stressed areas	100%	With the AQUEDUCT-WRI tool, the level of water stress is controlled, currently and future forecasts, of the areas where it operates, but Iberdrola also works with the competent administration of each region. For example, in years of low rainfall, like the previous two, special care is taken in the use made of resources, since there is an increase in water consumption for hydroelectric generation. The Iberdrola Group does not have any plants located in areas considered to have water stress and it is important to note that 62% of the water withdrawn is salt-water or brackish water.
Water withdrawals – volumes by source	100%	All water collection is strictly regulated by government authorities, which assign permits and determine the maximum permissible volumes of collection to ensure that there are no significant impacts. The government also establishes and controls surface level limits and ecological flows at the hydroelectric generation reservoirs. Best available practices are used so that the

		withdrawal and consumption of water is the minimum possible and with the least impact on the environment, trying to recycle and reuse water to the maximum. Every year this aspect is reported to Iberdrola's corporate department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.
Water withdrawals quality	100%	Withdrawal, use and return to the environment is the water cycle needed for the generation of power at the thermal generation plants. The quality of this returned effluent is strictly controlled and is kept below the maximum acceptable values established by the government based on the characteristics of the withdrawal and discharge point (sea, reservoir or river).
Water discharges – total volumes	100%	Effluents from the generating plants are treated before they are discharged into the receptor environment (i.e. the sea, reservoirs or rivers, wastewater treatment plants, etc.). Iberdrola has treatment plants and water Quality Measurement Systems at its facilities that allow it to ensure a return to the environment in the desired condition, always in compliance with applicable environmental law (discharge authorizations), and reducing the risk of polluting Every year this aspect is reported to Iberdrola's corporate environment department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.
Water discharges – volumes by destination	100%	The main discharge comes from the cooling systems for the thermal generation plants. The water returned from cooling has insignificant physicochemical changes, including temperature changes, which is controlled so as not to exceed the established discharge limits. There is a thermal increase based on the difference between the water collected and the water discharged. The government establishes certain maximum allowable values for each plant based on the nature of the collection point and the discharge point (ocean, reservoir or river) and carries out monitoring. The plants continuously monitor the temperature of the discharge, and if limits are exceeded, the facility must correct the temperature or halt production. Every year this aspect is reported to Iberdrola's corporate department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives. ISO 14001 and EMAS, used for continuous improvement.

Water discharges – volumes by treatment method	100%	Thermal generation power plants have water-treatment facilities that treat the waste water before it is returned to the receiving medium (sea, dam or river). Process waters are subjected to a physical and chemical treatment that includes the separation of hydrocarbons. Wastewater is treated in compact treatment systems with biological aerobic processes. Coal plants have a treatment system for slag from the plant, and a decantation/coagulation process that prevents the entry of particulate coal or coal in suspension into the receptor water. After being treated, the process water and the sanitation wastewater are diluted with the water returned from the cooling system and are discharged with continuous monitoring of various parameters (temperature, turbidity, conductivity, etc.). In Latin America, independent separation networks are used for industrial and sanitary water. Every year this aspect is reported to Iberdrola's corporate department.
Water discharge quality – by standard effluent parameters	100%	Effluents from the generating plants are treated before they are discharged into the receptor environment (i.e. the sea, reservoirs or rivers, wastewater treatment plants, etc.). For example, In Spain and México, water is discharged under constant monitoring of various parameters (temperature, turbidity, conductivity, etc.) by the Company and the Administration, once a month or once a quarter, to make sure that the characteristics of the effluent are always below the established limits. Also, at some Mexican plants and at the Klamath plant in the United States, treated waste water is reused in their cooling systems, avoiding the use of river or dam water. Every year this aspect is reported to Iberdrola's corporate environment department in order to be reviewed.
Water discharge quality – temperature	100%	After being treated, the process water and the sanitation wastewater are diluted with the water returned from the cooling system and are discharged with continuous monitoring of various parameters (temperature, turbidity, conductivity, etc.). Once a month or once a quarter, an accredited organisation performs the analyses and reports to the government
Water consumption – total volume	100%	Water use/overall production in 2018 has been 611 m3 / GWh. Continuous improvement is sought for processes of the facilities, so that the extraction and consumption of water is the minimum possible and has minimal impact on the environment. In addition, extraction of water is avoided in areas with water stress, and attempts are made to recycle and reuse water to the

		maximum extent possible. Water use is defined as the water captured, excluding seawater or saltwater and water discharged into the environment. Every year this aspect is reported to Iberdrola's corporate environment department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.
Water recycled/reused	100%	Iberdrola's goal is to reduce the generation of waste for any process or activity, and to prioritise recycling and the reuse thereof. Iberdrola commits to the concept of "circular economy" for all players within its activities, having joined the Circular Economy Pact of the Ministry of Agriculture and Fishing, Food and Environment (MITECO) in Spain. The management of waste conforms to the following principles: – Minimise the generation of waste at source. – Maximise the reuse, recycling and recovery of waste. – Promotion of awareness-raising campaigns regarding the minimisation of waste. – Specific treatment and management of hazardous waste. Also, Iberdrola provides additional information on its nuclear plants (General Radioactive Waste Plan, Enresa72). Iberdrola's nuclear power plants are included within the Environmental Radiological Monitoring Programme of the Nuclear Safety Council of Spain, monitoring the dispersion in the environment of controlled discharges from facilities.
The provision of fully-functioning, safely managed WASH services to all workers	100%	The health and safety of our employees is an indispensable goal of Iberdrola, ensuring implementation of the human right to water and sanitation. This follows the UN Guiding Principles for Business and Human Rights. Nevertheless, there is significant concern for the efficient and responsible use of running water by employees at offices and control buildings. For this purpose, there are awareness-raising campaigns and the installation of efficient systems to reduce the consumption of water, such as taps with photoelectric cells. Every year this aspect is reported to Iberdrola's corporate environment department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.

W-EU1.2a

(W-EU1.2a) For your hydroelectric operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations measured and monitored	Please explain
Fulfilment of downstream environmental flows	100%	Limnological control of the most eutrophicated reservoirs (contaminating loads inputed by agents other than Iberdrola that travel along these river courses before reaching the reservoirs) in the Duero and Tajo catchments, this processes are made to prevent possible impacts on the wildlife located downstream from the reservoirs and to avoid harmful values for fish. Ensure that the water that passes through the turbines contains the minimum essential concentrations of dissolved oxygen required for aquatic life. At the Combyned Cycle plants a redundancy in the forced automatic closure is implemented of the thermal bleed valve in case of excess discharge limits so that, for the closure, the software takes into account the plant analysers of the tower tank and the thermal discharge endpoint analysers.
Sediment loading	100%	Limnological control of the most eutrophicated reservoirs (contaminating loads inputed by agents other than Iberdrola that travel along these river courses before reaching the reservoirs) in the Duero and Tajo catchments, this processes are made to prevent possible impacts on the wildlife located downstream from the reservoirs and to avoid harmful values for fish. Ensure that the water that passes through the turbines contains the minimum essential concentrations of dissolved oxygen required for aquatic life.
Other, please specify	100%	Iberdrola collaborates with the university sector, develops multiple reports to learn about the environment, and prevent, reduce or avoid the impact of its activities thanks to understand the conetion between the facilities and the environment, an example oth this proces, can be the recent technical assistance to evaluate the incidence of the zebra mussel in the grinding hydroelectric power station and the Cortés II reservoir (river Júcar) through the University of Salamanca.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	135,247,700.12	Much higher	There has been a 147.64% increase in the total value of water withdrawal during 2018. The main reason is the increase in hydroelectric production in Brazil, approximately 30% more, than 2017. 1,985,467.62 megaliters corresponds to water withdrawals from thermal generation activities and 133,262,232.5 megaliteres corresponds to hydro generation
Total discharges	135,162,232.5	Much higher	Therefore, proportionally, the total water discharged has increased by 147.85%, complying with the main characteristic of the hydroelectric power plants that we operate and returning the extracted water to the environment in the same or better conditions than the initial ones. 1,900,000 megaliters corresponds to water discharged from thermal generation activities and 133,262,232.5 megaliteres corresponds to hydro generation
Total consumption	85,467.62	About the same	Use of water (consumption) is defined as water withdrawn minus water discharged into the natural environment, and for hydroelectric generation Iberdrola does not consume water, all the water withdrawn is discharged. Total water consumed in thermal generation processes has increased 8.15 % related to 2017. the sustainability report data is 89 hm3 because it takes into account the consumption of buildings, general services and that coming from the sludge in the UK plants (page 160 https://www.iberdrola.com/wcorp/gc /prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf)

W1.2d

(W1.2d) Provide the proportion of your total withdrawals sourced from water stressed areas.

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain

Row 1	0	About the same	WRI Aqueduct	With the WRI tool, the level of water stress is controlled, currently and future forecasts, of the areas where it operates, but Iberdrola also works with the competent administration of each region. For example, in years of low rainfall, like the previous two (2016 y 2017), special care is taken in the use made of resources, since there is an increase in water consumption for hydroelectric generation. In 2018 there was high rainfall and therefore, high hydroelectric generation. The Iberdrola Group does not have any plants located in areas considered to have water stress and it is important to note that 62% of the water withdrawn is salt-water or brackish water.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	133,998,638.45	Much higher	There has been a 151.43% increase in the total value of water withdrawal from fresh water sources during 2018. The main reason is the increase in hydroelectric production in Brazil, approximately 30% more, than 2017. 736,405.95 megaliters corresponds to water withdrawal form frsh surface water from thermal generation activities and 133,262,232.5 megaliteres corresponds to hydro generation
Brackish surface water/Seawater	Relevant	1,230,575.59	About the same	5.19% lower than the previous year. Withdrawal of this kind of water has decreased respect to the last year is being due to the last year high precipitations

Groundwater – renewable	Not relevant			
Groundwater – non-renewable	Relevant	1,009.88	Much lower	44.90 % lower than the previous year. Withdrawal of this kind of water has decreased respect to the last year is being due to the last year high precipitations
Produced/Entrained water	Not relevant			
Third party sources	Relevant	17,476.19	Lower	10.14 % lower than the previous year. Withdrawal of this kind of water has decreased respect to the last year is being due to the last year high precipitations

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	133,935,232.5	Much higher	There has been a 151.57% increase in the total value of water discharge to fresh water sources during 2018. The main reason is the increase in hydroelectric production in Brazil, approximately 30% more, than 2017. The increase in rainfall in Spain is also relevant. 673,000 megaliters corresponds to water discharged from thermal generation activities to fresh surface and 133,262,232.5 megaliteres corresponds to hydro generation to fresh surface.

Brackish surface water/seawater	Relevant	1,221,000	About the same	5.28% lower than the previous year. Discharge of this kind of water has decreased respect to the last year is being due to the last year high precipitations
Groundwater	Not relevant			
Third-party destinations	Relevant	6,000	About the same	It is the same than the previous year.

W1.2j

(W1.2j) What proportion of your total water use do you recycle or reuse?

	% recycled and reused	Comparison with previous reporting year	Please explain
Row 1	Less than 1%	About the same	At the thermal plants with closed or semi-open cooling systems, water withdrawn is reused in the cooling towers an average of approximately three to five cycles per m3 before being purged. The total volume of this reuse was approximately 2,253 hm3 in 2018. It is important to note that 62% of the water withdrawn is salt-water or brackish water. The La Laguna and Monterrey plants in Mexico and the Klamath cogeneration plant in the United States use wastewater in their cooling systems, which in Mexico was 4% (11,397 hm3) and in the United States was 95% (3,284 hm3) of the total water withdrawn for each country. After use in cooling and other auxiliary processes, 96% of the water withdrawn at thermal generation and cogeneration facilities returns to the receptor environment in a physical/chemical condition allowing it to be utilised by other users without affecting the natural environment. The other 4% has been consumed and/or retained in the various processes, or returned to the environment in the form of steam generated in the cooling systems of the thermal power plants.

W-EU1.3

(W-EU1.3) Do you calculate water intensity for your electricity generation activities?

Yes

W-EU1.3a

(W-EU1.3a) Provide the following intensity information associated with your electricity generation activities.

Water intensity value (m3)	Numerator: water aspect	Denominator: unit of production	Comparison with previous reporting year	Please explain
611.28	Total water consumption [1]	Other, please specify GWh	Higher	At the end of 2018, the total Group production was 145,597 GWh, and the total water consumption 89,000,000 m3, so, the water intensity value is 611.28, which is 5 % higher than the previous year when it was 581,26 m3/GWh)

[1] Water use (Cubic meters) in thermal power generation, with the cause of the increase being due to two consecutive years of low rainfall

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

76-100%

% of total procurement spend

76-100

Rationale for this coverage

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.

In this connection, priority will be given to suppliers that have advanced management systems certified by a third party and, in particular:

• Environmental management system.
• Quality management system.
• Occupational risk prevention system.
• Action plan for corporate social responsibility and respect for human rights.

The Group operates its Management System under an environmental management model that includes a life cycle analysis perspective to evaluate the environmental impacts of the activities and facilities.

Impact of the engagement and measures of success

The procurement terms of the group establish certain environmental requirements to meet this commitment, and the company also performs various tracking and reporting activities on an on-going basis. At the end of 2018, procurement from suppliers with a certified environmental management system represented 68% of all procurement from suppliers of general supplies. 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.

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+.

Comment

The Iberdrola group's supply chain consists of two different processes:
– The acquisition of material and equipment and the procurement of works and services, handled by the group's Procurement Division, which is within the Finance and Resources Division.
– The acquisition of fuel, handled by the Wholesale and Retail Business.
Both processes are guided by the same principles emanating from the corporate policies and the Code of Ethics, and the specific environmental clauses.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize innovation to reduce water impacts in products and services
Encourage/incentivize suppliers to work collaboratively with other users in their river basins

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for the coverage of your engagement

Iberdrola implements programmes to develop R&D&i through initiatives such as Perseo, our Corporate Venture Capital programme, dedicated to investing in innovative technologies and businesses that ensure the sustainability of the energy model. Turning to our support for entrepreneurs, in 2015 we launched the Supplier Innovation Programme, focused on three lines of action: providing access to the financing mechanisms, driving the joint creation of companies (spin-offs with suppliers) and fostering innovative purchases to small and medium-sized

enterprises.

Innovation activities in the renewable energies area focus primarily on improving the efficiency of existing technologies and their integration in the grid, in addition to developing new generation technologies and new designs or processes for projects in the pipeline or future projects mainly associated with offshore wind power.

Impact of the engagement and measures of success

Innovation is a strategic variable for the Iberdrola group and constitutes the main tool for guaranteeing the company's sustainability, efficiency and competitiveness.
In 2018, Iberdrola was the fourth largest energy company worldwide in terms of R&D investment, with a total of 267 million euros, 8 % higher than in 2017. And over the last 9 years this figure has grown by 193%, demonstrating the company's decisive commitment to this sector.
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.

Comment

The process is decentralised and open. Decentralised because it is carried out independently within each business unit with the support and coordination provided by the Company's Innovation, Environment and Quality Department, depending on the Chairman's Area. Open because the Company views itself as a technology-driven entity and, as such, its aim is to involve the Group's technology suppliers such as universities, technology centres and equipment manufacturers in the innovation process.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W-EU3.1

(W-EU3.1) How does your organization identify and classify potential water pollutants associated with your business activities in the electric utilities sector that could have a detrimental impact on water ecosystems or human health?

All our facilities have a series of environmental aspects defined as those elements related to our activities, products or services that may affect the environment. These environmental aspects include any change to the environment—whether damaging or beneficial—caused totally or partially by the activities carried out at the facilities. Significant aspects are considered to be those that have or could have a significant impact on the environment. Iberdrola has identified a series of direct environmental impacts, namely those that have a direct influence on management, under normal operating conditions and in emergency situations. Indirect environmental aspects are considered to be those over which a reasonable degree of influence can be exercised, but whose management cannot be completely controlled.

Environmental aspects are identified and reviewed whenever any of the following circumstances occurs:

• Introduction of new legal or regulatory requirements.
• Design changes or new operational methods.
• Implementation, modification, or shutdown of any activity, project or process.
• Change in the nature of raw materials.
• Occurrence of an environmental event or incident.

Similarly, environmental aspects are reviewed annually even if none of the preceding circumstances occur. The management review provides a record of the aspects that have been reassessed.

DISCHARGES:

Responsible for each facility **that could have a detrimental impact** on water periodically monitors its discharges to ensure that the limits set in current legislation and in its Integrated Environmental Authorisation are not exceeded at any time.
Each plant has a physical-chemical **Effluent Treatment Plant (PTE)** in order to guarantee the **proper quality of the process wastewater before it is discharged** (steam generator purges, equipment cleaning water and plant drainage without oily content, laboratory water, rejection from the reverse osmosis and electrodeionisation systems). Waste sanitary water and other effluents that might contain oily waste, and that have undergone a previous specific treatment (biological treatment by total oxidation and hydrocarbon separator, respectively) also arrive at this plant. The purges from the cooling towers are mixed with the effluent from the treatment plant in a final homogenisation reservoir before they are discharged into the receiving medium. **There is an emergency reservoir** in which the discharge can be deviated **instead of being sent to the receiving medium**, if there is a risk of the parameter limits not being met at the final discharge catch basin.

W-EU3.1a

(W-EU3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants associated with your activities in the electric utilities sector on water ecosystems or human health.

Potential water pollutant	Description of water pollutant and potential impacts	Management procedures	Please explain
Hydrocarbons	The following selection and identification criteria are used: • Under atmospheric emissions, one aspect is identified for each significant parameter in relation to the plant as a whole, rather than by individual area. This is because the impact of these substances on the environment is produced by their combined emissions as a whole, primarily	Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages Community/stakeholder engagement Emergency preparedness	During 2018, and the previous year, several environmental actions (MA from the PAMA&Q (Environment and Quality Action Plan) were taken. To avoid the possible pollution of water with hydrocarbons have been carried out. In this case, a hydrocarbon barrier was installed in the river with 100% success. The Group optimises the management of water and hazardous and non-hazardous waste via implemented systems which set targets and objectives for waste reduction, implementing best practices for water use

	through the contribution of the main groups, for which their significance also needs to be assessed as a whole. • Under discharges into water, two aspects are identified in association with each discharge point: i) One referring to the authorised maximum discharge volume, where applicable; ii) another referring to the physical/chemical load of the discharge, evaluating parameters with a limit value as a whole. The parameters are not assessed individually since the impact on the discharge is the sum of their combined effects, rather than of each individually. • Under waste, one aspect is identified for each set of waste according to its nature (hazardous waste, non-hazardous waste and domestic waste), assessing the final treatment of the waste (D or R), which is what actually generates the impact of this aspect. • Consumption includes the consumption of primary and secondary fuels, given that their impact is similar for all fuels, generating a reduction in natural resources that is in proportion to their consumption. • Under noise, measurement points are determined according to the indications given in the Integrated Environmental Authorisation for each plant, both at the plant's perimeter and at its		and recycled materials, and other aspects. Iberdrola has an Environmental Management System, and prevention is one of its key objectives. To this end, multiple preventive measures have been implemented in all of the group's businesses. These measures are set out in organisational and technical manuals. Plans to minimise risk have been established in the group's various businesses (emergency guides and procedures, regular drills,etc.), as have reporting and environmental incident management systems; these are used to prevent and to control accidental spills and to inform the relevant authorities whenever necessary.

	other auxiliary facilities. • Under discharges into the ground and underground water, the parameters identified in each authorisation are considered and compared against the applicable limit value or, in its absence, with the reference value indicated in the legislation in force.		
Thermal pollution	The following selection and identification criteria are used: • Under atmospheric emissions, one aspect is identified for each significant parameter in relation to the plant as a whole, rather than by individual area. This is because the impact of these substances on the environment is produced by their combined emissions as a whole, primarily through the contribution of the main groups, for which their significance also needs to be assessed as a whole. • Under discharges into water, two aspects are identified in association with each discharge point: i) One referring to the authorised maximum discharge volume, where applicable; ii) another referring to the physical/chemical load of the discharge, evaluating parameters with a limit value as a whole. The parameters are not assessed individually since the impact on the	Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages Community/stakeholder engagement Emergency preparedness	Every discharge has to be carefully analysed. The reference limit value set is in the Integrated Environmental Authorisation. For the temperature of the outcrop catchment discharge basin and the thermal difference in the receiving medium, the Integrated Environmental Authorisation of the thermal generation plants provides that the maximum discharge temperature must be “25°C or no more than 3°C higher than the temperature of the receiving medium”. In other words, temperatures higher than 25°C are permitted in the outcrop catchment discharge basin, provided that the second condition is met. It should be understood that “the 3°C increase in temperature that must not be exceeded is the increase in average temperature in a river section after the dispersion area”. 114 social audits were carried out on suppliers with orders during the 2018 fiscal year. Suppliers with nonconformities have a deadline to correct any deficiencies found. The objective of on-site audits is to ensure that the supplier has met all the requirements for minimizing occupational risks and risks in the human resources, environment (including

	discharge is the sum of their combined effects, rather than of each individually. • Under waste, one aspect is identified for each set of waste according to its nature (hazardous waste, non-hazardous waste and domestic waste), assessing the final treatment of the waste (D or R), which is what actually generates the impact of this aspect. • Consumption includes the consumption of primary and secondary fuels, given that their impact is similar for all fuels, generating a reduction in natural resources that is in proportion to their consumption. • Under noise, measurement points are determined according to the indications given in the Integrated Environmental Authorisation for each plant, both at the plant's perimeter and at its other auxiliary facilities. • Under discharges into the ground and underground water, the parameters identified in each authorisation are considered and compared against the applicable limit value or, in its absence, with the reference value indicated in the legislation in force.		water related risks), quality and corporate social responsibility areas.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

>6 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
International methodologies
Databases
Other

Tools and methods used

Global Water Tool for Power Utilities
WBCSD Global Water Tool
WRI Aqueduct
Environmental Impact Assessment
Life Cycle Assessment
IPCC Climate Change Projections

FAO/AQUASTAT
Regional government databases
Internal company methods

Comment

Internal company methods: Iberdrola has developed a methodology based on an international rules to value the probability of occurring an environmental accident, between other, the risk of spills on ground or water, or uncontrolled pollutan discharge.

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 climactic events in certain geographic areas), they are gradual and over relatively long periods (useful life of any new assets, ie: 30-40 years).

Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

>6 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
International methodologies
Databases
Other

Tools and methods used

WBCSD Global Water Tool
WRI Aqueduct
IPCC Climate Change Projections
FAO/AQUASTAT
Regional government databases
Internal company methods

Comment

Internal company methods: Iberdrola has developed a methodology based on an international rules to value the probability of occurring an environmental accident, between other, the risk of spills on ground or water, or uncontrolled pollutan discharge.

According to existing internal procedures, an annual review of structural risks must be performed and monitoring of checks are made quarterly.

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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 climactic events in certain geographic areas), they are gradual and over relatively long periods (useful life of any new assets, ie: 30-40 years).

Other stages of the value chain

Coverage

None

Comment

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	The World Resources Institute defines areas where per capita water supply drops below 1,700 m3/year as water-stressed areas, where disruptive water shortages can frequently occur. AQUASTAT is FAO's global information system on water and agriculture, it collects, analyses, and publicizes information on water resources, water uses, and agricultural water management. By using this method, Iberdrola affirms that the Company DOES NOT have any plant located in any area considered. We have implemented comprehensive database-monitoring systems at our facilities, and The data are collected through these systems and aggregated at corporate level in order to track the overall performance of the company with respect to such environment standards) as well as with any other environmental regulations. Then, data is publicly reported on the Sustainability Report. . To assess water availability at country and watershed level we use the Global Water Tool for Power Utilities, to obtain information of which facilities are located in water stressed areas. This information is vital to us as relates to water supply, which is critical to ensure continuity of our operations and also support us in our stakeholder's engagement process to ensure compatibility of different water uses at watershed level. Also, Iberdrola maintains a close relationship with the local governments and the extractions and use of the

		water depends on the environmental situation and the availability of water.
Water quality at a basin/catchment level	Relevant, always included	The World Resources Institute defines areas where per capita water supply drops below 1,700 m3/year as water-stressed areas, where disruptive water shortages can frequently occur. AQUASTAT is FAO's global information system on water and agriculture, it collects, analyses, and publicizes information on water resources, water uses, and agricultural water management. By using this method, Iberdrola affirms that the Company DOES NOT have any plant located in any area considered. We have implemented comprehensive database-monitoring systems at our facilities, and The data are collected through these systems and aggregated at corporate level in order to track the overall performance of the company with respect to such environment standards) as well as with any other environmental regulations. Then, data is publicly reported on the Sustainability Report. To assess water quality at country and watershed level we use the Global Water Tool for Power Utilities, to obtain information of which facilities are located in water stressed areas. This information is vital to us as relates to water supply, which is critical to ensure continuity of our operations and also support us in our stakeholder's engagement process to ensure compatibility of different water uses at watershed level.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Iberdrola takes various types of actions to minimise, mitigate, and offset unfavourable socioeconomic impacts that might be caused by its facilities. Various actions are taken to benefit the community, including: improvements in communication infrastructure, water supply or roadways; public lighting; creation of direct and indirect employment; professional training courses; activities to support entrepreneurs, etc. Iberdrola, by using an internal tool, characterizes the impacts of its activities, which allows to identify risks related to potential stakeholders' conflicts (including conflicts concerning water resources), by identifying the severity of the potential impacts depending on whether the consequences of the impact have relevance on the social groups potentially affected. Significant service activities include support for professional formation and training in areas near Iberdrola's facilities. The Company has developed a methodology for direct dialogue with its Stakeholders based on the AA1000 Assurance Standard, through the consultation and response processes described in indicators 102-43 and

		102-44 in the Sustainability Report 2018. Focused specifically on the environmental aspects of its activities, Iberdrola has a mailbox –medioambiente@iberdrola.es– which is a channel of communication with stakeholders –accessible at www.iberdrola.com (on the "Contact" page, under the "Environment" section)– offering the ability to ask questions, provide questions, place concerns, make complaints, etc. This mailbox, included in the Environmental Management System of the Company, is certified under the ISO 14001 standard, and the management processes and handling of complaints received are audited annually. By way of supplement, Iberdrola may receive messages related to the environment through various channels that it maintains in social media, described on Iberdrola's website in the "Press Room/Social Media section", for which there is monthly monitoring.
Implications of water on your key commodities/raw materials	Relevant, always included	Materiality Analysis for Iberdrola by PWC in 2018 has reflected a low risk associated with the supply of water (5% of significance). WBCSD Water Tool and WRI Aqueduct help to identify current and future water related risks to our supply chain. Furthermore, Iberdrola has measured the total water consumption linked to the activity of its entire supply chain. This help IBERDROLA to analyze better and identify the global water footprint linked to our value chain activity and decide about the actions to take with respect to those direct suppliers with the heaviest water consumption rates and the higher impact on Iberdrola' s activity
Water-related regulatory frameworks	Relevant, always included	Relationships geared to the enactment of efficient regulatory provisions allowing for development of a competitive market in activities not subject to a natural monopoly and sufficient remuneration for regulated businesses. There is a continuous and constructive dialogue carried out with the internal knowledge of the company. As a general rule, we work for the respect for the principles of good regulation: proportionality, effectiveness and efficiency, responsibility and independence, consistency and credibility and, transparency and clarity. The WRI Aqueduct Can also help identify potential areas subject to regulatory changes at the local level with regard to water. About future potential Regulatory changes, Iberdrola is acquainted with concerns and proposals of

		regulatory entities and puts forward its own opinions in legitimate defence of its interests and those of its shareholders, customers and users. It actively participates in public hearings by regulatory entities to ascertain opinions of the players involved in the processes, and in official processes of enactment of laws and regulations and monitoring of its application. The WRI Aqueduct can be used to identify those regions that are most likely to undergo legislative regulatory changes owing to water access problems. We have actively engaged in industry association working groups, which analyzed emerging regulations including water related laws, i.e.: UNESA (Spanish Association of the Electricity Industry) and CEOE (Spanish Business Association) and Eurelectric (European Association of the Electricity Industry).
Status of ecosystems and habitats	Relevant, always included	Collection and discharges during 2018 were within the limits indicated by the relevant environmental permits, no anomalies were detected that could materially affect water resources or related habitats. Our activities can even be beneficial for the ecosystem. This is the case of Altamira plants in Mexico, which discharge into the Garrapatas estuary, allowing it to recover its salinity and thus the specific characteristics of this habitat and the species of fauna and flora adapted thereto. Or in the case of Brazil, that as a result of hydroelectric plants in several areas, many actions are carried out to reforest affected areas. With the help of ISO 14001 Iberdrola is able to annually publish a sustainability report besides identify and monitor local ecosystems and habitats that could be affected during an operation. Problems of eutrophication and ecotoxicity are derived from contamination. Iberdrola seeks to prevent contamination of soil and water systems which sustain life on earth. Amongst its main environmental goals is to prevent contamination from spills or discharges. To do this, in businesses across the Group implement numerous preventive actions, defined via the organisation and technical manuals, such as safety and containment measures to prevent damage. The yearly plans for each company in the Group include the provision of facilities for oil collection in the event of a massive spill in substations and transformer stations, the waterproofing of vats and/or the installation of containment barriers in sensitive environments.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Health and safety of our employees is an indispensable goal for us, ensuring implementation of the human right to water and sanitation. This follows the UN Guiding Principles for Business and Human Rights and is aligned with UN Sustainable Development Goal number 6.

Other contextual issues, please specify		

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	With Iberdrola's commitment with society, we are developing awareness campaigns on saving and water use efficiency. In 2018, more than 8,000 people visited the Energy Classrooms near the windfarms in Spain. There are also two visitor centres in the United Kingdom, located at the Cruachan hydroelectric plant and at the Whitelee windfarm, where visits are received from the general public and from school groups. Of note is the collaboration with Hydrographic Confederations and other bodies in Spain to enable various activities near the hydroelectric reservoirs (sports events, support for reproduction of certain species, etc.), by adjusting flows at certain times. In the Hydraulic Generation field, the implantation of AA1000 Standard (2008), in accordance with the principles of inclusiveness, materiality, and responsiveness established in it, and standards of Accountability's Assurance started in 2011. The Company has also made some Campaigns in order to arising awareness given some tips related to water use such as, tips related to Washing Machine and Tumble Dryer and also Dishwasher. All the information and tips are available at https://www.iberdrola.es/en/energy-saving/tips . The main goal of these tips is to care for the environment at the same time that our consumers can also save money. We have direct channels to improve the relation with our customers, one of our more relevant stakeholder group, orienting and prioritizing its involvement in the identification of material issues. We engage with our customers through our commercial

		offices, our website, our sales managers, our customer service centers, social networks and mobile app; we also carry out surveys, forums and workshops with our customers.
Employees	Relevant, always included	Iberdrola uses social media as an effective tool to sensitize both its employees and society. We also engage with our employees through our intranet, newsletter about sustainability and SDG related issues, contact mailbox, and since 2017, our internal social network (Yammer). We also organize forums, knowledge interviews, workgroups, clima surveys, etc. In 2017 our Global Internal Comunication team started to link every new with its relevant SDGs; news were published on its internal page, on the website against climate change, that demonstrates our interest and commitment. Running awareness campaigns for more efficient and responsible use of domestic water in offices and control buildings amongst employees. The consumption decreased from 379,448 m3 in 2017 (data has been revised and updated) to 240,661 m3 in 2018.
Investors	Relevant, always included	Iberdrola supports transparency regarding water strategy of the company. Signatory of the Global Round Table on Climate Change. In March 2012 the Water CEO Mandate was signed. I Iberdrola answers from the first year of its creation the questionnaire CDP Water and all 2013 information is published in the Water CEO Mandate webpage, available for everyone. This questionnaire will also be uploaded making all the 2018 information public.
Local communities	Relevant, always included	Iberdrola's commitment to the local communities of the countries in which it operates takes shape through social activities in cooperation with governments, institutions and civil society organisations, as well as through sponsorships and patronage. The programmes of activity focused on social and economic development of the surroundings are especially significant. These programmes and activities are implemented in various complementary ways: – Directly by Iberdrola, through the Institutional Relations Division. – Directly by subsidiaries or affiliates (i.e. investee companies, i.e. those in which the company has an equity interest), in their respective areas of activity. – Sponsorship and patronage activities, primarily through Fundación Iberdrola in Spain, ScottishPower Foundation in the United Kingdom, Avangrid Foundation in the United States, Instituto Neoenergia in Brazil and Fundación Iberdrola in Mexico. – There are also two other organisations in the United Kingdom with a philanthropic purpose: The ScottishPower

		Energy People Trust and The ScottishPower Green Energy Trust, which carry out activities in their specific areas of competence. Actions taken to benefit the community: improvements in communication infrastructure; water supply or roadways; public lighting; creation of employment; professional training courses; activities to support entrepreneurs, etc. The Teles Pires hydroelectric power plant located in the middle of the Amazon Forest, one of the most important energy generation projects to date in Brazil, was launched in 2016. Over 40 social and environmental initiatives were set up. Most of these focused on enhancing healthcare and quality of life and the local indigenous communities. Please, visit page 216 of Iberdrola's Statement of Non-Financial Information. Sustainability Report 2018
NGOs	Relevant, always included	As regards lobbying activities, Iberdrola is registered with the Transparency Register created by European institutions to provide adequate transparency to the relations of such institutions with companies, NGOs, citizens' associations, think tanks, etc. The register was created by the European Parliament and the European Commission, and the Council of the European Union supports the initiative. Iberdrola's record in such register can be found on the EU's website. In its activities to influence public policies, Avangrid has made the financial contributions shown in the US register. And finally, a project for the dissemination of regulatory positions has been developed as part of Iberdrola's transparency policy. Therefore, the company has made publicly available a compilation of Global Regulatory Positions, valid for all countries and businesses. The goal is for the regulatory positions advanced by Iberdrola to be transparent and well-known. Iberdrola has established a Vulnerable Customer Protection Procedure in order to ensure energy supply to economically disadvantaged citizens. These are supplies under subsidised rates (bono social) due to being pensioners or to the unemployment of all members of a family unit. Since 2015 Iberdrola has also been encouraging the signing of agreements with various public institutions and NGOs, consistent with its goal of protecting customers who cannot pay their gas and electricity bills. 100% of the domestic customers of Iberdrola reside in a locality protected by an agreement.
Other water users at a basin/catchment level	Relevant, always included	Impact studies, public consultations and work with stakeholders are performed at the majority of projects to keep the environmental impact as low as possible. Termopernambuco thermal power plant runs an R&D+i programme, the following environmental projects are particularly noteworthy: development and implementation of artificial reefs near the plant to recover the habitat and fishing resources intended for local fishermen; and development of a

		biodegradable oil for the hydraulic systems in hydroelectric plants to prevent environmental damage caused by oil spilling into water. In Mexico, Iberdrola has participated in the construction and/or improvement of various recreational, educational, and health centers, as well as infrastructure improvement and expansions of potable-water and sewage networks.
Regulators	Relevant, always included	Iberdrola is 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. 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.
River basin management authorities	Relevant, always included	During the construction and operation of its facilities, Iberdrola carries out activities unrelated to its facilities without a specific commercial purpose, intended to meet the needs of the social environment, resolving needs in neighboring communities. For this purpose, Iberdrola cooperates with local authorities. At Escombreras CCGT, there has been a collaboration with the Public Administration, within the framework of the Association of the Valley of tailings, unifying the checks carried out by companies that pour into the body of water called The mistress-Punta Gables to ensure reliable information on which synergies of discharges of different activities are taken into account. Establishment of homogeneous indicators for control, as MEDOCC index and / or BOPA (presence or absence of species of benthic indicator of contamination), and CARLIT index and / or BENTHOS (presence or absence of species of macroalgae indicator of contamination).
Statutory special interest groups at a local level	Relevant, always included	Actions plans in 2018: Continuation of environmental biodiversity conservation programmes based on the impacts of plant operation: monitoring of fauna (ichthyofauna, herpetofauna, avifauna, mammalian fauna, entomofauna, etc.); monitoring of flora in reforested areas; water quality control; monitoring of erosive processes, etc... in the hydroelectric plants in Brazil. In Mexico the Garrapatas Estuary Rescue Project has been developed, improving the habitat, fostering indigenous species, and raising social awareness of the area's rich biodiversity. Significant service activities include support for professional formation and training in areas near Iberdrola's facilities. In 2018, more than 8,000 people visited the Energy Classrooms. There are also two visitor centres in the United Kingdom,

		located at the Cruachan hydroelectric plant and at the Whitelee windfarm, where visits are received from the general public and from school groups. Of note is the collaboration with Hydrographic Confederations and other bodies in Spain to enable various activities near the hydroelectric reservoirs (sports events, support for reproduction of certain species, etc.), by adjusting flows at certain times.
Suppliers	Relevant, always included	Iberdrola tries to act as reference in water management for all its contractors and suppliers. There are commitments in the Purchasing area to foster environmental responsibility and promote strict compliance by suppliers with contractual conditions and current legislation, with particular emphasis on respect for the principles established in the United Nations Global Compact. Iberdrola's Procurement Division has a Global Supplier Management Model. None of our suppliers is exposed to water-related risks. Iberdrola considers its supply chain on the Water indicators, in the countries that suffer water-stress, the company does not perform any activity in the procurement area. Iberdrola uses the supplier sustainability evaluation model: CSR scoring to evaluate its suppliers' social responsibility. It quantifies the suppliers' relative position according to their CSR management in a way that establishes a differentiating criterion when tendering or contracting with them. The evaluation adds value for the supplier, enabling it to discover areas they can focus their efforts on to improve their social responsibility. To do this, the supplier must provide answers about itself in the four dimensions of CSR: •Leadership •Dialogue •Management •Communication Depending on the result, suppliers are classified as: "A +" or above average suppliers, "A" or suppliers with an average score and "B" or below average
Water utilities at a local level	Relevant, always included	Water related risks are managed through quality processes and periodic audits. Measures adopted to promote proper environmental behaviour of suppliers are based on the Procurement Policy, the Suppliers' Code of Ethics, and the specific environmental clauses in the contracting 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. No supplier with negative environmental impact has been detected.

Other stakeholder, please specify	Relevant, always included	Iberdrola makes grievance mechanisms and tools and the management processes associated therewith available to its Stakeholders. This is fully described in the "Grievance mechanisms for impact on society" section of the "Specific management approach to the Social Dimension" of this report. Iberdrola has an email mailbox medioambiente@iberdrola.es, which serves as a channel of communication with its Stakeholders, and which can be accessed in the contact section, offering the ability to ask questions, provide suggestions, place concerns or make complaints. The mailbox is included in the Environmental Management System of the company, and is certified under the ISO 14001 standard. 2,034 messages were received through this mailbox in 2018, of which only 3 were an environmental grievance, 2 of which were managed with those responsible and closed during the year. The third environmental grievance will be managed during 2019 as it was received at the end of December 2018.

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Common principles of action for the management of environmental risk and opportunities from the Organizations of the Group. This procedure is aligned to the company's guidelines from the Control and Risk Management's General Policy approved by the Board of Directors of Iberdrola SA. The main objective is to be able to have a global view of the level of environmental risk and to identify opportunities from them. Compliance with legal requirements and other environmental requirements, and the achievement of environmental objectives.
All environmental risks and opportunities assessed at each Iberdrola organisation shall be notified and recorded. Any documents that define the monitoring, assessment and measurement of these risks and opportunities shall also be identified.

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 goals number 7 and number 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.

In the assessment of the different environmental risks, Iberdrola may use the method described in "Methodology for environmental risk analysis" which the organisations use as a guide for determining their risks. In order to achieve a global perspective on the level of environmental risk, businesses notify any environmental risks they consider critical. This criticality shall be determined by the high probability of occurrence of the event as well as the severity of the consequences of such an event on the environment and its financial impact on the business.
Risk = Probability or frequency * consequence or danger
The probability of occurrence and the consequences of the event shall be assessed for each risk identified. The risks to be reported are those we shall call substantial and intolerable. The level of probability and the level of consequence shall be those determined by each business according to their risk assessment and must be documented.

Documentary structure that supports the internal procedures in place in Iberdrola, guiding the Group's Comprehensive Risk System includes:

· The General Risk Control and Management Policy of the Iberdrola Group
· Corporate risk policies (e.g. Reputational Risk Framework Policy, Corporate Market Risk Policy, etc)
· Global businesses risk policies (for networks, renewable energy, liberalized and non-energy businesses)
· Local businesses risk policies (e.g. Risk Policy for the Networks Businesses of the Iberdrola Group in Brazil)
· The Comprehensive Risk Control and Management System
· Key Risk Map Guidelines
· Identification, Quantification and Monitoring of the Key Risks of the Iberdrola Group. Risk Register
· Quarterly Risk Report
· Quarterly Risk Policy Limits and Indicators Monitoring Report
· Key Risk Report (KRR)
· Risk Maps

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

It is considered a substantial change that, owing to variations in the physical water quality and/or quantity parameters would cause a change in the operations of an Iberdrola facility with direct consumption, reducing the production capacity per year by a significant percentage. Based on the "Falkenmark Indicator" and "Water stress index", Iberdrola defines water stress as the amount of water <1700m3 /(person* year). This method defines water scarcity in terms of the total water resources that are available to the population of a region; measuring scarcity as the amount of renewable freshwater that is available for each person each year. If the amount of renewable water in a country is below 1.700m3 per person per year, that country is said to be experiencing water stress; **below 1000m3 it is said to be experiencing water scarcity; and below 500m3, absolute scarcity.** So according with this definition Iberdrola has no power plants located in areas considered to have water stress.

Natural capital, understood as natural resources affected in the performance of the company's activities, is one of the fundamental assets in the Iberdrola group's creation of value and a fundamental asset for all of its Stakeholders.
During their respective life cycles, generation, transmission, distribution and sales activities cause interactions with various ecosystems, landscapes and species. Therefore, these ecosystems occupy a
leading role in the business strategy through four priority lines of action:
– Mediation for the protection, preservation and sustainable use of natural capital.
– Information through impact assessment and the development and application of guidelines on biodiversity for new projects.
– Relations with Stakeholders, which seeks to consider the legitimate aspirations of the Stakeholders and develop action plans in accordance therewith.
– Commitment to internal and external training, awareness-raising and communication.

Various instruments are used to carry out these lines of action, including:
– Biodiversity Policy: applicable in all of the geographic areas in which the Iberdrola group does business, the basic principles of which are reflected in the lines of action.
– Stakeholder Relations Policy.
– Biodiversity plans based on avoiding and/or mitigating impact, restoring natural capital, assessing impact, Stakeholder relations and awareness-raising.
– Environmental management systems certified in accordance with ISO 14001 or EMAS standards, in order to prevent and control environmental risks.
– Corporate Environmental Footprint, enabling limitation of the group's impact on biodiversity.
For more information, see Iberdrola and biodiversity web page , which sets out the management approach, strategies and progress in the activities conducted by the various businesses and regions in which Iberdrola has a presence.

For Iberdrola, **substantive changes will be consider those who can lead to any of the following impacts:**

- Reduction in power generation: water availability (for example, cooling water) changes can impact our assets
- Social conflicts due to significant impacts in water usage.
- Operational changes due to regulatory changes.
- Environmental incidents

Liberalised business (including electricity generation) accounted for 21,80 % of Iberdrola's EBITDA in 2018. Hydropower generation accounted for 15.86 % of the total production in 2018. Substantive changes are defined as those events with potential impacts in Iberdrola Group's EBITDA (decrease or increase of 5% of EBITDA).

Climate change has been a key element for defining the company's strategy. Iberdrola treats climate change not only as a risk factor, but also (and mostly) as a source of organic growth during the transition towards a low-carbon economy. Every investment decision must be supported by an Investment Dossier with several related to climate change (future regulation, physical risks...) are included. Iberdrola has adopted TCFD´s risk terminology as the main reference.
Existing internal risks procedures define a 4-level classification of risks in terms of economic impact (up to 12 months) : Very High >100M€, High 50-100M€, Medium 10-50M€ and Low <10M€.

Definition of substantive financial impact: For the purposes of CDP, risks posed by climate change that have the potential to generate key changes in operations, revenue or expenditure, including the 4 levels classification previously described.
Iberdrola has developed a specific climate change adaptation plan (including water related issues) and as part of it, Iberdrola is developing an analysis of different climate scenarios and specific studies for Iberdrola Business in order to anticipate future climate risks as a result of climate change and to increase the resilience of the company.
Please visit section E "Risk management and control systems" of the Corporate Governance Report for 2018 of Iberdrola for additional details

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	3	Less than 1%	The main water risk for the hydroelectric and thermal generation of Iberdrola is the availability of water. Although the Iberdrola Group does not have plants located in areas considered to be water stressed, it is true that in recent years we have suffered from low water availability, which is why in some of the main regions where we operate. Therefore, we decided to list the most representative power plants in each of the main Iberdrola regions, taking into account the most sensitive technologies to water stress, being in Spain and Brazil and the ones corresponding to the hydraulic generation and in Mexico to the thermal generation. All hydroelectric generation of Iberdrola (ScottishPower) in the UK, has been sold to the company Drax at the end of 2018

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive impact on your business, and what is the potential business impact associated with those facilities?

Country/Region

Spain

River basin

Douro

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

% company's annual electricity generation that could be affected by these facilities

Less than 1%

% company's total global revenue that could be affected

Less than 1%

Comment

We have considered Douro river basin because it has the largest hydraulic capacity installed with 7.42% of total production capacity in 2018 (27 % of the Iberdrola´s hydraulic production and 4.25 % of the total production of the Group in 2018).

Among the 17 hydroelectric plants that are located in the basin of the river Duero, we have considered Villarino de los Aires because it has the largest installed capacity with 856 MW

Iberdrola Group has no power plants located in water-stressed areas.

Country/Region

Brazil

River basin

Jequitinhonha

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

% company's annual electricity generation that could be affected by these facilities

Less than 1%

% company's total global revenue that could be affected

Less than 1%

Comment

The Itapebi plant has an installed capacity of 462 MW, and Iberdrola in Brazil, Neoenergía, owns 100% of it.

That is why we have decided this year to take it as a reference for this analysis, since we control the measurement and monitoring processes 100%.

The plant is located on the state of Bahía.

Itapebi hrydroelectric plant represents 0.97 % of total production capacity in 2018 (2 % of the Iberdrola´s hydraulic production and 0.29 % of the total production of the Group in 2018.

Iberdrola Group has no power plants located in areas considered to have water stress.

Country/Region

Mexico

River basin

Other, please specify

River Moctezuma, San Luís Potosí

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

% company's annual electricity generation that could be affected by these facilities

1-25

% company's total global revenue that could be affected

1-25

Comment

We have considered CC Tamazunchale because it has most installed capacity in Mexico, with 1,135 MW.
CC Tamazunchale represents 2.18 % of total production capacity of Iberdrola Group and it is located in San Luis Potosí. The electricy generation during 2018 by CC.Tamazunchale was 8,031,600 MWh

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Region

United States of America

River basin

Other, please specify

all basins where Iberdrola is located

Type of risk

Physical

Primary risk driver

Flooding

Primary potential impact

Closure of operations

Company-specific description

This is not a relevant risk for Iberdrola nowadays, because of the location of our facilities. Future floods may affect the operation of power stations, including the hydro capacity available leading to different global operational costs and stop for maintenance. It may also put electricity substations at risk.

Timeframe

1 - 3 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

10,000,000

Explanation of financial impact

The magnitude has been determined using the 4 levels of risk described in section 4.1a.
In this case, it's considered a low magnitude risk, so the cost will be < 10M€.
At USA, Iberdrola has 212 MW of Combined Cycle plants (two) and one Cogeneration Power plant of 636 MW.
If there were any impact that would alter its normal operation, the 6,631 MW of renewables installed in the rest of the country could ensure the quality of supply the proportion of business units affected

Primary response to risk

Develop flood emergency plans

Description of response

Depending on the availability of water, climatic variation has the potential to impact our hydro operations, cooling requirements of thermal power stations, thermal efficiencies of our power plant, patterns of energy load growth and the robustness of our transmission and distribution infrastructure in response to more extreme weather variations. Iberdrola has developed a strong awareness of the physical risks associated with water availability. The assessment of risk is an ongoing activity, which is developed at various levels of risk control within the company. The risks are informed by individual assessment, industry experience and assistance from various expert groups.

Cost of response

40,000,000

Explanation of cost of response

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

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Country/Region

Spain

River basin

Other, please specify

All basins where Iberdrolais located

Type of risk

Regulatory

Primary risk driver

Regulatory uncertainty

Primary potential impact

Brand damage

Company-specific description

2017 was the first year of exit from the crisis. The financial crisis has taken first importance during so many years in the political scenario; new policies on climate change and nuclear generation (after Fukushima) are uncertain. Changes in environmental regulations during 2013 made uncertain the future for electric utilities in Spain. Changes in regulations with less requirements may affect the IBERDROLA Group's business as soon as other companies with lower financial, social and environmental commitment may gain competitive advantage reducing the Group's turnover. It can also lead to an increase in our insurance premiums.

Timeframe

1 - 3 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

10,000,000

Explanation of financial impact

The magnitude has been determined using the 4 levels of risk described in section 4.1a.
In this case, it's considered a low magnitude risk, so the cost will be <10M€.

Primary response to risk

Increase insurance coverage

Description of response

In relation to the insurance cover, Iberdrola has international insurance programmes to cover equity (insurance for material damages, machinery breakdowns, loss of profits, damages from natural disasters and risks arising from construction work) and third-party liabilities (general civil liability, liability for environmental risks, professional civil liability, etc.)

Cost of response

8,000,000

Explanation of cost of response

The cost to cope with this risk in 2018 corresponds to these insurances

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Country/Region

Mexico

River basin

Other, please specify

All basins where Iberdrola is located

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Increased operating costs

Company-specific description

Independent separation networks are used for industrial and sanitary water. The latter is subjected to final treatment in biodigesters, whereas process water goes through hydrocarbon separators before its return to the natural medium. La Laguna plant collects sewage for its processes, and the water discharged by this plant has better quality than the collected water. Main plants affected: Monterrey, Altamira (all groups), La Laguna, and Tamazunchale.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

10,000,000

Explanation of financial impact

The magnitude has been determined using the 4 levels of risk described in section 4.1a.
In this case, it's considered a low magnitude risk, so the cost will be <10M€.
Every year Iberdrola implements preventive actions and awareness-raising campaigns to prevent and mitigate the impact of potential spills. These included the construction oil collection reservoirs in case of a major discharge at the substations or transformer stations, as well as waterproofing of containers.

Primary response to risk

Increase investment in new technology

Description of response

The principal water withdrawn within the Group's activities takes place in the cooling systems, processes and standby services for the thermal generation plants.
Most of the water is returned to the environment, partly as evaporated water and the rest included in discharges from the facilities. In all our plants, water is discharged under constant monitoring of various parameters (temperature, turbidity, conductivity, etc.) by the Company and the Administration, to make sure that the characteristics of the effluent are always below the established limits

Cost of response

60,000

Explanation of cost of response

At La Laguna and Monterrey combined cycle plants a system has been designed for reusing water from the pool. Costs to cope with this risk in 2018 have been generated by effluent treatment activities investments.

Country/Region

Spain

River basin

Other, please specify

all basins where Iberdrola is located

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Increased operating costs

Company-specific description

Access to water resources is essential to the development of any population and business. Even if Iberdrola's facilities are located in an excellent strategic position not being object of water risk in the short term, we are aware that pollution and poor water quality could lead to a possible damage to plants, reducing production, increasing the stops for maintenance or even close.

Timeframe

4 - 6 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

10,000,000

Explanation of financial impact

The magnitude has been determined using the 4 levels of risk described in section 4.1a.
In this case, it's considered a low magnitude risk, so the cost will be <10 M€.
All the thermal power-generation plants in Spain have treatment systems that treat residual water before discharging it into the natural receptor environment. Water from the process undergoes physicochemical treatment, which includes the separation of hydrocarbons. Wastewater is treated in compact treatment systems with biological aerobic processes.

Primary response to risk

Increase investment in new technology

Description of response

As regards the treatment of discharges, at Velilla power plant, in Spain, biological treatment for desulphurisation commenced a few years ago at the Effluents Treatment Plant, to reduce nitrides and nitrates in the discharge. An exhaustive inspection was performed two years ago of the water used in the direct production process at the Cofrentes nuclear power plant. All of the effluents from the water-steam cycle, from the reactor coolants, and from the standby systems are processed in the liquid waste treatment system and are returned to the cycle for reuse.
At our Combined Cycle plants, we monitor them constantly to ensure that the limits provided in its Integrated Environmental Authorisation are not exceeded by controlling its discharges on a regular basis, as provided in its Discharge Control Quality Assurance Plan. They also have an Effluent Treatment Plant to ensure the quality of the process waste water prior to its discharge.

Cost of response

5,600,000

Explanation of cost of response

The cost to cope with this risk in 2018 corresponds to purchase costs derived from effluent treatment equipment.

Country/Region

Spain

River basin

Other, please specify

All basins where Iberdrola is located

Type of risk

Regulatory

Primary risk driver

Increased difficulty in obtaining withdrawals/operations permit

Primary potential impact

Constraint to growth

Company-specific description

Tightening on regulations and standards will require the Company to invest in complying with high environmental impact studies, obtaining licences, permits and other mandatory authorisations. Operational impacts related to disruptions in business operations will increase due to more environmental restrictions to new plants. Iberdrola may be subject to legal claims for future damages, or penalties derived from waste, emissions, or spillages which might affect the Group's image and reputation.

Timeframe

Current up to 1 year

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

10,000,000

Explanation of financial impact

The magnitude has been determined using the 4 levels of risk described in section 4.1a.
In this case, it's considered a low magnitude risk, so the cost will be < 10M€

Primary response to risk

Engage with regulators/policymakers

Description of response

Actions:

- Consultation and official formalities with various regulatory entities
- Relationship through industry organisations
- Meetings and direct contacts
- Participation in workshops, events, debates, etc.
- Preparation of informational memos

Cost of response

8,000,000

Explanation of cost of response

The cost to cope with this risk in 2018 is a cost percentage of the investment in new infrastructure.

In order to prevent any impact, Iberdrola relies on transparency and environmental management systems. 100% Iberdrola hydro generation facilities in Spain are under IS0 14000 System: minimising environmental risks, thus improving the Company's environmental management in line with its commitment to environmental protection.

Country/Region

Spain

River basin

Other, please specify

All where Iberdrola is located

Type of risk

Physical

Primary risk driver

Severe weather events

Primary potential 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 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.

Timeframe

1 - 3 years

Magnitude of potential impact

Medium-high

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

50,000,000

Potential financial impact figure - maximum (currency)

100,000,000

Explanation of financial impact

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 M€ and +210 million M€.
Using methods such us WBCSD Global Water tool, WRI Aqueduct , FAO/AQUASTAT and internal company knowledge, IBERDROLA can easily identifies current and future water needs and availability where it operates, such as water-stress areas (our main water risks are water-stress areas , where Iberdrola has not presence), Flood Occurrence, access to water or drought severity.

Primary response to risk

Adopt water efficiency, water re-use, recycling and conservation practices

Improve infrastructures

Description of response

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.

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 response

13,300,000

Explanation of cost of response

Iberdrola expects to invest 13,3 €bn in 2018-2022

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Region

Spain

River basin

Other, please specify

All basins where Iberdrola is located

Stage of value chain

Supply chain

Type of risk

Regulatory

Primary risk driver

Changed product standards

Primary potential impact

Increased operating costs

Company-specific description

As a consequence of the fulfilment of future new standards by the suppliers and the facilities adaptation to these new raw materials may increase operational costs.

Timeframe

>6 years

Magnitude of potential financial impact

Medium-low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

The magnitude has been set using a qualitative 5 point scale from High to Low.
Iberdrola is committed to research, development and innovation, which are strategic variables for confronting the challenges facing the Company.

Primary response to risk

Increase investment in new technology

Description of response

Iberdrola is the most innovative Spanish utility, the second-most in Europe and the fourth-most in the world with the largest volume of resources dedicated to R&D&I. During 2018, R&D&I investment was 267 million euros. Fostering the Supplier Innovation Programme to encourage the joint creation of companies and simplify access to financing mechanisms. We value building strong relationships with our diverse suppliers; these relationships give us the competitive advantage as being one of the best in the utility market. Through our efforts, we are able to seek out suppliers who are capable of providing the best service in terms of cost, quality and delivery. We have in place a contracting and a relationship with suppliers policies. The cost to cope with this risk is based on our R&D investment.

Cost of response

12,300,000

Explanation of cost of response

We are in a continuous improvement to adapt all our facilities by implementation of an innovative management and technology strategy over the last decade, which has led us to become a world leader and benchmark in R&D, thanks to the successful implementation of a common model in all areas, collaboration with our technology providers and the promotion of culture of innovation.

Country/Region

Spain

River basin

Other, please specify

All basins where Iberdrola is located

Stage of value chain

Supply chain

Type of risk

Reputation & markets

Primary risk driver

Negative media coverage

Primary potential impact

Company brand damage

Company-specific description

Our company can be involved in a problem of a supplier, despite being totally outside them. This may result in a damage on the image and reputation of the Group, and finally in a reduction in capital availability.

Timeframe

>6 years

Magnitude of potential financial impact

Medium-low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

The magnitude has been set using a qualitative 5 point scale from High to Low

Our company can be involved in a problem of a supplier, despite being totally outside them.

Primary response to risk

Other, please specify

improve engagement with suppliers

Description of response

Iberdrola has developed a GLOBAL SUPPLIER MANAGEMENT MODEL, now called Supplier Sustainability Assessment (including a Total Supplier Management System) that enables the company to register and classify its suppliers. Tenders by Iberdrola include contractual conditions requiring that the parties act within stringent levels of security, occupational risk prevention, and respect for the environment. Once the suppliers have registered in our Global Suppliers Management System, suppliers are evaluated on the basis of their technical and

production capabilities, among other things, and their status in the following areas is weighted: - Quality - Safety and occupational risk prevention - Environment - Social Responsibility - Economic and financial condition - Prior references - Anti-bribery & Corruption assessment. The status of suppliers as regards sustainability, the first four areas mentioned above, has a weight of 40% in the total score.

Cost of response

1,000,000

Explanation of cost of response

To improve the status of suppliers with a lesser performance in this area, involvement, awareness-raising and motivation activities are conducted throughout the year, in order for suppliers to achieve certification in quality, the environment and/or occupational risk prevention. The cost to cope with this risk in 2018 is related to Environmental Management System costs and Supplier Management cost.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Markets

Primary water-related opportunity

Stronger competitive advantage

Company-specific description & strategy to realize opportunity

As a leader in renewable energies, Iberdrola directs its strategy to be carbon neutral by 2050. To achieve this, it has been turning the strategy of its investments for several years, prioritizing the construction of renewable generation facilities. in order to diversify its greener mix, investing in all renewable technologies.
The European Investment Bank (EIB) is financing one of the most important energy sector initiatives in Portuguese history. The EU bank will provide a EUR 650 million loan to Iberdrola to support a major hydro electrical project that will increase energy storage capacity in the EU, provide services to the Iberian grid operators and ultimately facilitate the increase of the renewable share of the Portuguese energy mix. This investment will reduce the dependence of the Iberian market on fossil energy as well as CO2 emissions. Through this agreement with Iberdrola, the EIB is contributing to the construction of three new large dams and hydropower plants, including a pump storage plant, which will be located on the Tâmega and the Torno rivers, in northern Portugal. With an investment of around EUR 1.5bn, the new Iberdrola´s new infrastructure will have a total capacity of 1,158 MW and will start operating in 2023. To advance the project's implementation, the EIB and Iberdrola signed a EUR 500 million loan, the first tranche of the total EUR 650 million in funds approved to finance this project.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

65,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The potencial financial impact has been ESTIMATED from hydraulic outputs / hydraulic GWh obtained in 2018. 65,000,000 is the potencial financial impact of the plant during a year with an average production of 1,760 GWh.

The Portuguese and Spanish electricity markets will benefit from the new infrastructure. By increasing generation and storage capacity, the new plants will provide more flexibility and security of energy supply on the Iberian electricity market.
The dams (Alto Tâmega, Daivões and Gouvães) are located in the Douro River Basin and are expected to provide an average of 1,760 GWh per year to the Iberian market.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Wind farms are not always close to urbanized areas with public sewer service, so it is a way to cover the basic needs of water supply that is not directed to human consumption.
Rainwater collectors may be installed in areas where rain is usually high.
At some of ScottishPower's wind farms, the control buildings have rooftop rainwater collectors and storage tanks to use the water.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

0

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

No volume data currently collected for rainwater harvesting. We have requested meters to be installed on rainwater harvesting units however this needs to be considered in the overall ScotishPower General Services programme of works. We will continue to pursue this in 2019.

Type of opportunity

Markets

Primary water-related opportunity

Stronger competitive advantage

Company-specific description & strategy to realize opportunity

As a leader in renewable energies, Iberdrola directs its strategy to be carbon neutral by 2050. To achieve this, it has been turning the strategy of its investments for several years, prioritizing the construction of renewable generation facilities. in order to diversify its greener mix, investing in all renewable technologies.

Offshore wind farms allow produce electricity without emitting GHG, having a carbon management and a competitive advantage over other utilities. Innovation and R&D are important aspects to consider in the construction of such plants. The electrification of the economy is asserted as the only solution to confront both challenges, and in this context we are going to intensify our investments in renewable energies, in energy storage at hydroelectric pumping plants, among others. This types of projects give value to the brand and a stronger competitive advantage.

EAST ANGLIA with an installed power capacity of 714 MW, it will provide clean energy to nearly 600,000 British homes from 2020. East Anglia ONE is the largest renewable energy project undertaken by a Spanish company ever, and entails an investment of over 3 billion euros.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The potential financial impact it can not be disclosed yet, but it will be 100% of what the inversion was.

With an installed power capacity of 714 MW, it will provide clean energy to nearly 600,000 British homes from 2020. East Anglia ONE is the largest renewable energy project undertaken by a Spanish company ever, and entails an investment of over 3 billion euros.

It is an opportunity to increase the supply of green energy under guarantee of origin.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Opportunity: Operating efficiency and flexibility

Following completion of the HOREX project a few years ago, work continued on the line of research into the chemical expansion of concrete with the PREXES project, focusing on development of a model to predict expansion in hydraulic concrete structures.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The total budget for the project was 500,000 €.

The general objective of the project is to investigate and understand the distribution and degree of evolution of the expansive phenomena in the concrete of dams, due to the development of arid-alkali reactions, to subsequently develop a predictive mathematical model sufficiently reliable to determine and to evaluate the future damages of the concrete, so that the capacity of detection of these anomalies in the hydraulic dams is increased and thus to increase the security and useful life of the same ones.

Type of opportunity

Products and services

Primary water-related opportunity

New R&D opportunities

Company-specific description & strategy to realize opportunity

FILTRACIONES project, wich focuses on the development of a new methodology for efficient and safety inspections on water channels.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The financial impact is reached once the R&D project is developed. So we consider 100% of benefits.

Significant progress made on the Filtraciones Project, with the development of a new methodology for efficiently inspecting water channels.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, total water accounting data and comparisons with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Villarino de los Aires (Salamanca)

Country/Region

Spain

River basin

Douro

Latitude

41.254418

Longitude

-6.320833

Primary power generation source for your electricity generation at this facility

Hydroelectric

Total water withdrawals at this facility (megaliters/year)

7,321,474.38

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

7,321,474.38

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

0

Comparison of consumption with previous reporting year

About the same

Please explain

As it is a hydroelectric power station, all the captured water is returned to the source medium, even with the initial conditions improved. In 2018, the water withdrawal has been 2,000,000 megaliters less than the previous one.

Facility reference number

Facility 2

Facility name (optional)

Itapebi

Country/Region

Brazil

River basin

Jequitinhonha

Latitude

-15.968683

Longitude

-39.586215

Primary power generation source for your electricity generation at this facility

Hydroelectric

Total water withdrawals at this facility (megaliters/year)

3,020,340

Comparison of withdrawals with previous reporting year

This is our first year of measurement

Total water discharges at this facility (megaliters/year)

3,020,340

Comparison of discharges with previous reporting year

This is our first year of measurement

Total water consumption at this facility (megaliters/year)

0

Comparison of consumption with previous reporting year

This is our first year of measurement

Please explain

It is the first year that we included this center in this section. We decided this year to take it as a reference for this analysis, since we control 100% of the measurement and monitoring processes.

After acquiring 100% of Neonergia, this is the only plant of which we have 100%.

Facility reference number

Facility 3

Facility name (optional)

Tamazunchale, San Luis Potosi

Country/Region

Mexico

River basin

Other, please specify

Moctezuma, San Luis Potosí

Latitude

21.254315

Longitude

-98.790918

Primary power generation source for your electricity generation at this facility

Gas

Total water withdrawals at this facility (megaliters/year)

9,117.83

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

8,695.51

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

422.67

Comparison of consumption with previous reporting year

About the same

Please explain

During 2018, 5,907.51 megaliters correponds to evaporated water and 422.67 megaliters were captured for auxiliary processes and services. It is similar of last year data. The water collected has decreased by 8%, and the water discharged (discharge + steam) has also decreased by 10%

W5.1a

(W5.1a) For each facility referenced in W5.1, provide withdrawal data by water source.

Facility reference number

Facility 1

Facility name

Villarino de los Aires, Salamanca

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

7,321,474.38

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

0

Comment

All the water collected comes from the basin of the Douro River, freshwater

---

Facility reference number

Facility 2

Facility name

Itapebi

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

3,020,340

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

0

Comment

All the water collected comes from the basin of the Jequitinhonha River, freshwater

---

Facility reference number

Facility 3

Facility name

CC TAMAZUNCHALE

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

9,117.83

Brackish surface water/seawater

9,117.83

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

0

Comment

All the water collected comes from the basin of the Moctezuma River, freshwater

W5.1b

(W5.1b) For each facility referenced in W5.1, provide discharge data by destination.

Facility reference number

Facility 1

Facility name

Villarino de los Aires

Fresh surface water

7,321,474.38

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

0

Comment

At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment (river).

Facility reference number

Facility 2

Facility name

Itapebi

Fresh surface water

3,020,340

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

0

Comment

At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment (river).

Facility reference number

Facility 3

Facility name

CC TAMAZUNCHALE

Fresh surface water

8,695.16

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

422.67

Comment

In 2018, of total withdrawal water, 9,117.83 megaliters / year, 422, 67 megaliters / year has been water destinated for auxiliary processes and services; and 8,695.16 discharged (of which 5,907.51 was evaporated)

W5.1c

(W5.1c) For each facility referenced in W5.1, provide the proportion of your total water use that is recycled or reused, and give the comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name

Villarino de los Aires

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

As it is a hydroelectric power station, all the water collected is returned to the source, even with better conditions and increased properties.

Facility reference number

Facility 2

Facility name

Itapebi

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

As it is hydroelectric power station, all the water collected is returned to the source, even with better conditions and increased properties.

Facility reference number

Facility 3

Facility name

CC TAMAZUNCHALE

% recycled or reused

Less than 1%

Comparison with previous reporting year

About the same

Please explain

At the Combine Cycle Power Plant Tamazunchale, 422.67 megaliters were captured for auxiliary processes and services during 2018

W5.1d

(W5.1d) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

Water withdrawals – total volumes

% verified

76-100

What standard and methodology was used?

PwC verified this data according to GRI-4 and World Business Council.
100% Iberdrola Hydro generation facilities under IS0 14001 and ISO 9001
Iberdrola Group has a solid Environmental Management Systems (EMS) and the target is the continuous improvement, it is demonstrated through different certifications and verifications
EMS: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.

Water withdrawals – volume by source

% verified

76-100

What standard and methodology was used?

PwC verified this data according to GRI-4 and World Business Council.
100% Iberdrola Hydro generation facilities under IS0 14001 and ISO 9001

Iberdrola Group has a solid Environmental Management Systems (EMS) and the target is the continuous improvement, it is demonstrated through different certifications and verifications
EMS: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.

Water withdrawals – quality

% verified

76-100

What standard and methodology was used?

PwC verified this data according to GRI-4 and World Business Council.
100% Iberdrola Hydro generation facilities under IS0 14001 and ISO 9001
Iberdrola Group has a solid Environmental Management Systems (EMS) and the target is the continuous improvement, it is demonstrated through different certifications and verifications
EMS: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.

Water discharges – total volumes

% verified

76-100

What standard and methodology was used?

PwC verified this data according to GRI-4 and World Business Council.
100% Iberdrola Hydro generation facilities under IS0 14001 and ISO 9001
Iberdrola Group has a solid Environmental Management Systems (EMS) and the target is the continuous improvement, it is demonstrated through different certifications and verifications

EMS: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.

Water discharges – volume by destination

% verified

76-100

What standard and methodology was used?

PwC verified this data according to GRI-4 and World Business Council.
100% Iberdrola Hydro generation facilities under IS0 14001 and ISO 9001
Iberdrola Group has a solid Environmental Management Systems (EMS) and the target is the continuous improvement, it is demonstrated through different certifications and verifications
EMS: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.

Water discharges – volume by treatment method

% verified

76-100

What standard and methodology was used?

PwC verified this data according to GRI-4 and World Business Council.
100% IBERDROLA Hydro generation facilities under IS0 14001 and ISO 9001
Iberdrola Group has a solid Environmental Management Systems (EMS) and the target is the continuous improvement, it is demonstrated through different certifications and verifications
EMS: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.

Water discharge quality – quality by standard effluent parameters

% verified

76-100

What standard and methodology was used?

PwC verified this data according to GRI-4 and World Business Council.
100% Iberdrola Hydro generation facilities under IS0 14001 and ISO 9001
Iberdrola Group has a solid Environmental Management Systems (EMS) and the target is the continuous improvement, it is demonstrated through different certifications and verifications
EMS: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.

Water discharge quality – temperature

% verified

76-100

What standard and methodology was used?

PwC verified this data according to GRI-4 and World Business Council.
100% Iberdrola Hydro generation facilities under IS0 14001 and ISO 9001
Iberdrola Group has a solid Environmental Management Systems (EMS) and the target is the continuous improvement, it is demonstrated through different certifications and verifications
EMS: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.

Water consumption – total volume

% verified

76-100

What standard and methodology was used?

PwC verified this data according to GRI-4 and World Business Council.
100% Iberdrola Hydro generation facilities under IS0 14001 and ISO 9001
Iberdrola Group has a solid Environmental Management Systems (EMS) and the target is the continuous improvement, it is demonstrated through different certifications and verifications
EMS: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.

Water recycled/reused

% verified

76-100

What standard and methodology was used?

PwC verified this data according to GRI-4 and World Business Council.
At Iberdrola México, all the power plants, included Tamazunchale combined cycle station is certified en verified under UNE-EN-ISO 14001
The Group has a solid Environmental Management Systems (EMS) and the target is the continuous improvement, it is demonstrated through different certifications and verifications

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education	The corporate policies define the directives and guidelines of the Company, which guide the conduct of the shareholders, directors, officers and other professionals of the group. The corporate policies are grouped into three categories: (i) corporate governance and regulatory compliance policies, (ii) risk policies, and (iii) sustainable development policies. Iberdrola has a publicly available company-wide water policy with performance standards for direct operations (also water management) including supplier, procurement and contracting best practice and acknowledges the human right to water and sanitation. The Group has policies of Environment, Sustainability, Biodiversity, among others. The Board of Directors approved all this policies. Iberdrola commits to promote a social culture focused on promoting awareness-raising among all of its stakeholders the SDG's have been publically included in Iberdrola Sustainability Policy, including Goals 6 and 14. Iberdrola entails partnerships continually seeking an innovative development, in different aspects, including projects related to water (question 4.3a) The company is positioned as one of the utilities with the best water productivity by Global 100. Our goal is to maintain this intensity level above 50% during the next five years. Iberdrola is member of the UN' CEO Water Mandate. 1, 2, 3, 4

		Commitment to water stewardship and/or collective action Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	

[1]sustainable_management_policy.pdf

[2]environmental_policy.pdf

[3]Infographic_SDG_business_strategy.pdf

[4]Infographic_keys_water_scarcity.pdf

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board Chair [1]	Water's concern is present throughout the Company and the highest responsibility resides in the Board of Directors through its Sustainable Development Committee (before CSR Committee): This is an internal committee of the Board of Directors, with no executive powers, which was created for informational and consulting purposes and which has powers to inform, advise, and propose within its sphere of activities.

	Within the context of Iberdrola's ongoing exercise in transparency and communication with shareholders and the markets, the Company has since 2013 published an Annual Activities Report of the Consultative Committees of the Board of Directors, which integrates information regarding the Audit and Risk Supervision Committee, the Appointments Committee, the Remuneration Committee and the Sustainable Development Committee.

[1]The Corporate Social Responsibility Committee is an internal organ of the Board of Directors, with no executive powers, which was created for informational and consulting purposes and which has powers to inform, advise, and propose within its sphere of activities.

These goals are monitored on a half-yearly basis by the group's Corporate Social Responsibility and Reputation Committee, and by the Corporate Social Responsibility Committee of the Board of Directors when the latter so requests.

This Committee, which was established in October 19, 2010, is governed by the provisions of article 41 of the By-Laws, of article 34 of the Regulations of the Board of Directors and by the Regulations of the Corporate Social Responsibility Committee

https://www.iberdrola.com/corporate-governance/board-directors/responsibility-committee

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings [1]	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures	The chairman of the Board of Directors will decide on the agenda for the session. The Board of Directors will develop its functions seeking to maximize the social dividend, conceived as the creation of sustainable value for all the stakeholders that are affected by the activities of the Group, through the development of their businesses, the impulse of the business communities in the that the Society participates, the promotion of equality and justice, the promotion of innovation and care for the environment, leadership in the fight

		Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	against change climate, among others. Also, the Board of Directors, establishes the policies and general strategies of the Company and the Group, approves the strategic or business plan, as well as the management objectives and annual budgets, the policy of investments and financing, the corporate responsibility policy and the policy of remuneration of the shareholder and establishes the policy of control and management of risks, including environmental and water-related ones, as well as the supervision of the internal information and control systems. The Sustainable Development Committee review, prior to its approval by the Board of Directors, the sustainability report, where information relevant to matters related to water is collected, as it is governed by the GRI 303 standard. The scope of corporate social responsibility and sustainability includes the contribution of the Group to sustainable development, respect for the environment and the environment.

[1]The Board of Directors will meet as often as the Chairman deems appropriate, but at least eight times a year, with at least one session held each calendar quarter. During 2017, there were 8 meetings, were all its member were present. (page 57 of https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/ActivitiesReportBoardDirectors.pdf)

The Corporate Social Responsibility Committee is an internal organ of the Board of Directors, with no executive powers, which was created for informational and consulting purposes and which has powers to inform, advise, and propose within its sphere of activities

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Sustainability Officer (CSO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Sustainable Development Committee is part of the Board of Directors. They meet a minimun of eigh times during the year, and water related issues are treated in half of them.

Between key issues treated in 2018 it is worth highlighting the one to "ensure that variable remuneration promotes the sustainability and profitability of the Company over the long term", which includes monitoring of activities, among others, risk management in environmental aspects, including water related issues directly and indirect with our operations and suppliers. They also monitor of the non-financial indicators of the Company's scorecard, linked to the Purpose and Values of the Iberdrola group. Our CSO participates in this Committee, when environmental issues are in the agenda.

Furthermore, they are the responsible Review of the Sustainability Report and of the Integrated Report, where information relevant to matters related to water is collected, as it is governed by the GRI 303 standard

W-FB6.4/W-CH6.4/W-EU6.4/W-OG6.4/W-MM6.4

(W-FB6.4/W-CH6.4/W-EU6.4/W-OG6.4/W-MM6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

No, not currently but we plan to introduce them in the next two years

Nevertheless, the strategic bonus of Iberdrola's directors is linked to two other SDGs, 7 and 13.
The 2017/19 Strategic Bonus is a long-term incentive linked to the performance of the Company in relation to the development of the Strategic Plan approved by the Board of Directors and presented on February 24, 2016. The Company's performance it will be evaluated based on the following parameters, which project a challenging scenario for a company that continues with its profitable growth, financially solid and committed to the environment, the fight against Climate change and sustainable growth:
(...)
(d) Reduction of the average intensity of CO2 emissions, in line with UN objectives 7 and 13. The objective will be considered fulfilled if a reduction of 5% in the average intensity of emissions in the period 2017-2019 is reached compared with the average of the period 2014-2016. It will be understood that this objective is not met if the average intensity is not reduced.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, other

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

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 defense of its interests and those of its shareholders, customers, and users
Iberdrola has **specific policies regarding the management of environmental issues:** the Environmental Policy, the Climate Change Policy, the Biodiversity Policy and the Sustainability Policy. These policies define the specific guidelines that the Iberdrola Group **must follow** both in the process of defining and developing its strategy and investments and with regard to its operations and control of environmental risks. Iberdrola has

integrated United Nations Sustainable Goals in our strategy, including number 6 ("Clean Water and Sanitation") and number 14 (Life below water). For Iberdrola, the environmental dimension of its activities is a necessary baseline for the formulation of its Strategic Plan and the operational planning of of its businesses is fostering innovation, eco-efficiency, eco-design and a progressive reduction in the environmental impacts of its activities and in the supply chain (as WATER consumption).

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

IB_Sustainability_Report.pdf

Page 393 of Iberdrola's Sustainability Report 2018

Page 178 of Iberdrola's Sustainability Report 2018: Significant Spills 306-3

Page 159 of Iberdrola's Sustainability Report 2018:

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.

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	Iberdrola is positioned as one of the utilities with the best water productivity (revenues/water used), and the objective is maintain this rate above 50%, at least, until 2030, when the 2030 Agenda will be evaluated. This is a Company-wide objective monitored at the corporate level. Iberdrola`s plan util 2030, includes actions like ensuring availability and sustainable management of water and sanitation for all. The substitution of less efficient conventional thermal (coal and oil-fired) technologies with renewable energies and combined cycles is going to be the pathway to lead a decrease in water consumption per GWh.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	Aspects that have influenced the strategy: Iberdrola is aware of the new international energy scene, which is characterized by the need to guarantee a competitive, safe and sustainable supply. In this context, clean technologies are decisive to fight against climate change and minimize dependence on fossil fuel. By 2030, Iberdrola's commitment is to reduce 50% of CO2 emissions from the 2007 baseline, and to achieve this objective, the Company is aware that environmental management, including water-related issues, is one of the most important pillars in the Company's businesses.
Financial planning	Yes, water-related issues are integrated	11-15	Investment in renewables from 2018 to 2022 corresponds to 39% of the total investment (€ 34,000M€). The Company's own decarbonization strategy for 2030 and 2050 points to a continuation in this line and in the development of renewable projects: 1,514 MW in offshore wind, 2,548 MW in onshore wind, 628 MW in solar and 1,916 MW in hydraulic generation technology for 2022.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

102

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

740

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

Iberdrola considers all expenses or investments regarding projects that have a clear environmental impact, whether direct or indirect, to be environmental expenses or investments: Treatment of emissions, treatment of waste, both hazardous and non-hazardous, reduction of environmental impact through the removal of pollution or pollutants from the environment, soil, groundwater, sediment or surface water and environmental prevention and management.

All of this is aimed at emphasising environmental activities and initiatives, which are undertaken in order to move towards a more sustainable energy model. 19% of the total investments corresponds to water-related capital expenditure, and 2% of the total expenses to operating expenditure. Visit page 133 of the Iberdrola Sustainability Report 2018:
https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Iberdrola has chosen four climate scenarios on which it is performing the analysis of potential impacts on its business model: i)Two transition scenarios that for Iberdrola represent potential paths towards a low-carbon economy. They are based on plausible projects prepared by the International Energy Agency: • Sustainable Development Scenario (SDS):It assumes achievement of the climate change goals agreed to in Paris. ii)Two physical scenarios, based on the IPCC Fifth Assessment Report, to diagnose the range of impacts: • Representative Concentration Pathway 8.5 (RCP 8.5) of the Intergovernmental Panel on Climate Change (IPCC): the most unfavourable case that the company might face corresponds to a 3.7º C increase in average global temperature during the 2081-2100 period. • RCP 4.5 of the Intergovernmental Panel on Climate Change (IPCC): stabilisation scenario, taking account of the efforts being made and to be made at the international level to reduce ghg emissions.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenario(s)	Description of possible water-related outcomes	Company response to possible water-related outcomes

Row 1	IEA Sustainable Development Scenario Other, please specify IPCC RCP 8.5, IPCC RCP 4.5 and IEA NPS	We are facing a real water crisis that can only be solved with the sustainable consumption, promotion of clean energies, optimization of production processes and the use of recycled water. The water resource risk, in a specific year, affects mainly the renewable energy business in Spain and, to a lesser extent, the renewable energy business in Brazil. Despite the fact that the Group has a large water storage capacity in Spain, the annual result depends, to a large extent, on the annual contributions of the rains. The variation of production of a dry year and a wet year, compared to the average reference value, can be estimated in a variability of -4,000 GWh and +5,000 GWh respectively in Spain, with an estimated impact range of -170 million euros and +210 millions of euros. In the medium-long term the dry years are compensated with the wet years. For that purpose it is planned an increase of more than 9,9 GW (35%) of installed capacity by 2022 in a diversified mix by country and technologies, and more than 20 GWh in storage. With the following inversion planning: 13.300 M€ as investment from 2018 to 2022, to support the capacity growing of 1514 MW in offshore wind, 2548 MW in onshore wind, 628 MW in solar and 1916 in hydraulic generation technology for 2022, spread in the following per main geographical area USA 16 %, UK 9 %, Spain and Portugal: 45 %, Mexico 21 %, Brazil 7%	"These risks are reviewed at least on an annual basis, within the framework of the assessment of the effectiveness of internal control carried out by the persons or divisions responsible. In line with the SDGs, Iberdrola performs comprehensive controls on the specific use and consumption of this resource. Iberdrola Group has EMS specific to the businesses and processes, based on the UNE-EN-ISO 14001:2004 and EMAS standard, distributed and implemented throughout much of their organizations, what are allowing a reduction in water related risks, improvement in the management of resources, and optimization of investments and costs. There has been a comparative analysis of the two scenarios described in the previous question, allowing for conclusions to be made by business and geographic area regarding the level of resiliency of Iberdrola's strategy with respect to climate change in the short and medium term. Continuity of the Outlook 2018-2022 has been assumed, with a qualitative transfer thereof through 2030.The result of the analysis indicates that, thanks to the company's strategy and positioning in renewable energy, divestment from oil and coal plants, and smart grids, its business model is sufficient to face both scenarios. It is important to note that, over the long term, Iberdrola's goal to achieve carbon neutrality by 2050 (which the company already set in 2009) is more ambitious than the goals sought under the NPS scenario and is aligned with the SDS.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

The Company do not have an internal water price as such, but we have carried out some studies and ecosystem assessments. We consider fresh water as an ecosystem service that generates a resource, and its provision consists in the regulation of the flow and availability of water and in the purification of it. Ecosystems play a crucial role in the global hydrological cycle, and in our facilities in particular, influencing the total amount of water available, its regulation (seasonality, variations in availability throughout the year) and purification (quality, purity biological, sediment load ...). Ecosystems, can slow the flow of running water, modulating and regulating the availability of water after rainfall. Likewise, the passage of water through the soil, or its permanence in shallow wetlands can have a profound impact on its quality by purifying it of organic/inorganic contaminants. All these factors would be taken into account when establishing an internal water price.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals	Targets are monitored at the corporate level	Iberdrola was a pioneer in the digitization applied to the operation of hydroelectric power stations, aware of the importance of monitoring and seeking continuous improvement in the data obtained by the applications used. For example, Spain, where the installed capacity of Iberdrola corresponding to the Hydroelectric Power

	Business level specific targets and/or goals Activity level specific targets and/or goals Site/facility specific targets and/or goals Brand/product specific targets and/or goals Country level targets and/or goals Basin specific targets and/or goals	Goals are monitored at the corporate level	Plants represents more than 75% of the world total, is working on a continuous improvement of the control and remote management systems. The META Project (Operation, Remote Control and Automation Improvement Project) deployed, at the end of the 1990s, new automation systems at the Iberdrola Hydroelectric Power Plants, based on programmable logic controllers (PLCs), and 4 modern Basin Operation Centers, which supported by SCADA systems (Supervisory Control and Data Acquisition), allowed remote operation and detailed analysis of the operation of the facilities. In this way, thanks to the META Project, the closed operation of the facilities was abandoned, so that the more than 9,000 MW of the Hydroelectric Power Plants went to remote control from the Basin Operation Centers. In the coming years, Iberdrola will update the SCADA systems of its Basin Operation Centers in order to equip them with the latest advances available and incorporate the experience acquired in the more than 20 years of use of these technological solutions.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Product water intensity

Level

Company-wide

Primary motivation

Commitment to the UN Sustainable Development Goals

Description of target

Iberdrola is positioned as one of the utilities with the best water productivity (revenues/water used), according to Global 100's classification among a selection of main utilities.
TARGET: maintain this rate above 50% in the coming 5 years.

Quantitative metric

% reduction per revenue

Baseline year

2017

Start year

2017

Target year

2023

% achieved

100

Please explain

At the end of 2018, the use of water in thermal generation has increased by 10.26 % respect to 2017 (from 945 to 1,042 m3/GWh). After use in cooling and other auxiliary processes, 96% of the water withdrawn at thermal generation and cogeneration facilities returns to the receptor environment in a physico-chemical condition allowing it to be utilised by other users without affecting the natural environment. The other 4 % has been consumed and/or retained in the various processes, or returned to the environment in the form of steam generated in the cooling systems of the thermal power plants.

Target reference number

Target 2

Category of target

Supplier engagement

Level

Company-wide

Primary motivation

Recommended sector best practice

Description of target

Water management depends on both operational level and supply chain level. The main reason to monitor and control our supply chain water footprint is the lifecycle driver which we follow within our environmental management. We try to act as reference in water management for contractors and suppliers. There are commitments in the Purchasing area to foster environmental responsibility and to promote strict compliance by suppliers with contractual conditions and current legislation, with emphasis on respect for the principles established in the United Nations Global Compact. At the end of 2018, procurement from suppliers with a certified environmental management system (ISO 14001 or equivalent) represented 68% of all procurement from suppliers of general supplies. Those suppliers with orders during the year that do not have the certification are sent environmental engagement and awareness-raising communications to move forward in this area and commence implementation or certification.

Quantitative metric

% increase in proportion of suppliers engaged

Baseline year

2005

Start year

2005

Target year

2019

% achieved

100

Please explain

Supplier traction activities in quality, environment (water quality discharges, for instance) and occupational risk prevention among those relevant suppliers that do not have a management system certified by a third party are consolidated practices. Each one was contacted and informed that their certification in these areas would be valued positively, since Iberdrola's objectives include having key suppliers with certified management systems like the Company's corporate units and business areas to ensure reliable and responsible conduct throughout the supply chain.

Target reference number

Target 3

Category of target

Water use efficiency

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Decrease water consumption at offices and control facilities.
The consumption decreased from 379,448 m3 in 2017 (data has been revised and updated) to 240,661 m3 in 2018

Quantitative metric

Other, please specify

water consumption

Baseline year

2013

Start year

2013

Target year

2019

% achieved

100

Please explain

Action taken by Iberdrola for a more sustainable use of water:
Conducting awareness-raising campaigns to achieve a more efficient and responsible use of sanitary water by employees at offices.
https://www.iberdrola.com/environment/water-use-good-habits

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Watershed remediation and habitat restoration, ecosystem preservation

Level

Site/facility

Motivation

Climate change adaptation and mitigation strategies

Description of goal

Prevent potential impacts on fauna located downriver of reservoirs.

Baseline year

2017

Start year

2017

End year

2020

Progress

Limnological control of the most eutrophicated reservoirs in the Duero and Tajo basins (pollutant loads caused by agents unrelated to Iberdrola that travel along these rivers before they flow into the reservoirs).

Goal

Watershed remediation and habitat restoration, ecosystem preservation

Level

Site/facility

Motivation

Climate change adaptation and mitigation strategies

Description of goal

Avoid levels of dissolved oxygen that are harmful to ichthyofauna.

Baseline year

2017

Start year

2017

End year

2020

Progress

At the hydroelectric power pants, to ensure turbined waters contain the minimum amounts of dissolved oxygen essential for aquatic life.

Goal

Watershed remediation and habitat restoration, ecosystem preservation

Level

Business activity

Motivation

Climate change adaptation and mitigation strategies

Description of goal

To reduce the impact on biodiversity and ecosystem services.

Baseline year

2017

Start year

2017

End year

2020

Progress

Execution of pollution prevention actions, improvement of the environment and remediation/restoration of the natural environment surrounding plants such as: ecological conditioning of flows, environmental adaptation of canals, restoration of the environment surrounding the village of la Rasa (dismantling of buildings and soil remediation).

Goal

Reduce environmental impact of product in use phase

Level

Site/facility

Motivation

Reduced environmental impact

Description of goal

Knowledge of the area to take the right actions with respect to the habitat.

Baseline year

2017

Start year

2017

End year

2030

Progress

Execution of a study to assess the ecological state of the Majaceite River in the area of the Arcos de la Frontera Combined Cycle Plant, using biological, hydro-morphological and physical-chemical indicators.

Goal

Reduce environmental impact of product in use phase

Level

Business activity

Motivation

Commitment to the UN Sustainable Development Goals

Description of goal

Ensure the success of programs to recover and offset impact on Permanent Conservation Areas (APPs) and degraded areas (quarries, tips).

Baseline year

2017

Start year

2017

End year

2030

Progress

Continuation of environmental biodiversity conservation programs based on the impacts of plant operation: monitoring of fauna (ichthyofauna, herpetofauna, avifauna, mammalian fauna, entomofauna, etc.); monitoring of flora in reforested areas; water quality control; monitoring of erosive processes, etc.

Goal

Promotion of water data transparency

Level

Company-wide

Motivation

Brand value protection

Description of goal

Iberdrola supports transparency regarding its water strategy. Water footprint is included in our environmental footprint.

Baseline year

2006

Start year

2006

End year

2030

Progress

Iberdrola publishes its water data through various reports such as the Sustainability Report and through its website. It also publishes its CDP Water Answers throguh the CEO Water Mandate since 2012. Water footprint is included in our Environmental Footprint.

Goal

Providing access to safely managed Water, Sanitation and Hygiene (WASH) in local communities

Level

Business activity

Motivation

Shared value

Description of goal

Iberdrola notes that there is still a proportion of the population without access to safe drinking water and sanitation systems. In addition, a lack of appropriate sanitation profoundly affects the health and well-being of billions of people.

Baseline year

2015

Start year

2015

End year

2030

Progress

Iberdrola has joined the challenge of achieving the objectives of Sustainable Development Goals (SDGs), including Goal 6: Clean water and sanitation. installation of systems for capturing and storing rainwater for human consumption in the area around the Caetité windfarm in inland Bahia (Brazil).This initiative supplied water to over 3,300 homes that didnt have no connection to the general water system, and no access to any type of storage resource. Iberdrola and Neoenergía worked on this project with the Brazilian Ministry for Social Development and the Fight against Hunger (MDS) as part of the Water for All programme.

Goal

Engagement with public policy makers to advance sustainable water management and policies

Level

Company-wide

Motivation

Recommended sector best practice

Description of goal

Establish a constructive dialogue with Government Agencies, non-governmental organizations, shareholders, customers, local communities and other stakeholders are important in order to: 1) Work jointly in the search for solutions to environmental, and water, problems. 2) Contribute to the development of a useful public policy from the environmental standpoint that is efficient in economic terms. 3) Raise awareness on the importance of taking measures to reduce greenhouse gases.

Baseline year

2017

Start year

2017

End year

2030

Progress

Iberdrola develops a set of communication and dialogue channels with environmental interest groups. Through these means, Iberdrola communicates the objectives, actions taken and achievements of the Company in this field, and to receive feedback and requests from the interested parties in the area of the environment.

Goal

Other, please specify

Environmental Management System

Level

Company-wide

Motivation

Risk mitigation

Description of goal

We aim to improve the compatibility of our infrastructures with the environment and develop a clean management system. We have a Global Environmental Management System implemented (accordance to ISO 14001:2004 standard,certified by AENOR). We also have Environmental Management Systems (EMS) specific to the businesses,based on the ISO 14001:2004 and EMAS standard, which allow for a reduction in environmental risks, improvement in the management of resources, and optimisation of investments and costs.

Baseline year

2006

Start year

2006

End year

2030

Progress

In 2018, 73 % of the Group's energy production is subject to management systems under the UNE-EN ISO 14001 and UNE-EN ISO 9001 standards.

Goal

Engaging with customers to help them minimize product impacts

Level

Company-wide

Motivation

Recommended sector best practice

Description of goal

According to Iberdrola's commitment with society, Iberdrola is developing awareness campaigns on saving and water use efficiency.

Baseline year

2013

Start year

2013

End year

2018

Progress

In the Iberdrola Group we try to meet our customers needs and expectations of our customers in order to offer them better solutions, continuously working to care for and increase their satisfaction, strengthening their connection to our group, and promoting responsible consumption.

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

W9.1a

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Decreased wastewater treatment

Description of linkage/tradeoff

At the La Laguna and Monterrey combined cycle plants in Mexico and at the Klamath cogeneration plant in the United States of America, the water collected for cooling comes from municipal wastewater treatment stations and is treated at the Company's plants, producing a positive impact by returning water to the environment that is of higher quality than that withdrawn. All water collection is strictly regulated by government authorities, which assign permits and determine the maximum allowed volumes of collection to ensure that there are no significant impacts.

Policy or action

Capturation of sanitation wastewater for all processes

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Environmental restoration

Description of linkage/tradeoff

The European CO2FORMARE project, endowed with more than 4 million euros of budget, aims to demonstrate that the use of CO2 from thermal power plants can be an efficient substitute for the chlorinated chemicals currently used to control macrofouling.

The macrofouling is the fouling of the refrigeration systems of power plants caused by molluscs -such as mussels or the like-. The larvae of these organisms are fixed on these structures of iron or steel and as they grow they cause the obstruction of the systems, thus preventing the circulation of the water necessary for the proper functioning of the facilities.

Policy or action

It is being studied to be able to apply the results obtained in this project in the rest of the generation thermal park in Europe.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Increased energy efficiency

Description of linkage/tradeoff

To improve water quality and the aquatic habitat of the riverbank.

Policy or action

AVANGRID developed water treatments in collaboration with land owners in two river basins, treating runoff from impermeable areas in the basins prior to its entry into the river.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Increased biodiversity

Description of linkage/tradeoff

Preservating wetlands: Ducks Unlimited is the world's largest and most effective private waterfowl and wetlands conservation organization.

Policy or action

AVANGRID's Auburn Transmission Project wanted to further Ducks Unlimited's goal of preserving and protecting the beautiful wetlands of their local community, so AVANGRID collaborated with Ducks Unlimited to purchase wetlands that would improve the quality of the habitat and protect the local wildlife.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Environmental restoration

Description of linkage/tradeoff

Recovery of 190 ha of peat bogs, in collaboration with different local interest groups.
• Elimination and removal of weeds and invasive species.
• Recovery of local species such as cotton grass, moss, and fire resistant species.
• Creation of ponds favoring the accumulation of water.
• Register of 650 species (mainly invertebrates)

Policy or action

Improve the habitat, favor the autochthonous species, and social awareness of the biodiversity richness of the environment.
Obtaining carbon sink, water retention and reducing the risk of fire.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Increased biodiversity

Description of linkage/tradeoff

At Combined Cycle Plant in Termopernambuco, Brazil:
• Environmental monitoring of wastewater, waste, air emissions, etc.
• Through the "Social Environmental Management Plan - Patagonia Gold ", the flora and fauna are monitored, both in the seawater intake area and in the outfall area.

Policy or action

Minimize the impact on biodiversity and ecosystem services.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Increased biodiversity

Description of linkage/tradeoff

Improvement of the state of wetlands, coastal grasslands and areas with forests and shrubbery. Also, creation of a suitable habitat for the water vole.

Policy or action

Relocation of the crested newt (Triturus cristatus) and the Montane water vole (Arvicola amphibius) from an original area of 2.4 ha to another of 2.9 ha. The grasslands and ponds of this new site are evolving favourably, and establishment of the ponds has recently been inspected.

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

Yes

W10.1a

(W10.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1. Current state	The company's sustainability reports are available to all users in the Shareholders and Investors section.	AA1000AS	The Sustainability Report that Iberdrola publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI

			Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W2. Business impacts	The company's sustainability reports are available to all users in the Shareholders and Investors section. Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years.	AA1000AS	The Sustainability Report that Iberdrola publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W3. Procedures	The company's sustainability reports are available to all users in the Shareholders and Investors section. Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years.	AA1000AS	The Sustainability Report that Iberdrola publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an

			independent external verification according to ISAE 3000.
W4. Risks and opportunities	The company's sustainability reports are available to all users in the Shareholders and Investors section. Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years.	AA1000AS	The Sustainability Report that Iberdrola publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W6. Governance	The company's sustainability reports are available to all users in the Shareholders and Investors section. Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years.	AA1000AS	The Sustainability Report that Iberdrola publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W7. Strategy	The company's sustainability reports are available to all users in the Shareholders and Investors	AA1000AS	The Sustainability Report that Iberdrola publishes annually presents comprehensive information

	section. Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years.		regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W10. Verification	The company's sustainability reports are available to all users in the Shareholders and Investors section. Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years.	AA1000AS	The Sustainability Report that Iberdrola publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W8. Targets	The company's sustainability reports are available to all users in the Shareholders and Investors section. Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years.	AA1000AS	The Sustainability Report that Iberdrola publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the

			Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W7. Strategy	Environmental footprint: 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. The main objective of a CEF is to reduce the environmental impact derived from the organisation's activities.	Other, please specify ISO/TS 14072:2014. Environmental management — Life cycle assessment — Requirements and guidelines for organizational life cycle assessment.	Water footprint included in the 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.

W11. Sign off

W-FI

(W-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.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Innovation and Sustainability Officer, Presidency, depends directly from the CEO and President	Chief Sustainability Officer (CSO)

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

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
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms