



Consolidated Non-Financial Information Statement (NFIS) and the **Sustainability Reporting**

Financial Year 2024

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish language document that this translation is intended to, the Spanish-language version prevails.

External Independent
Assurance Report on the
*Consolidated NonFinancial
Information Statement
(NFIS) and the
Sustainability Reporting
2024*



Iberdrola, S.A. and subsidiaries

Limited Assurance Report issued by an
assurance provider on the Consolidated Non-
Financial Information Statement (NFIS) and the
Sustainability Reporting

31 December 2024

*(Translation from the original in Spanish. In the
event of discrepancy, the Spanish-language
version prevails.)*



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Limited Assurance Report issued by an assurance provider on the Consolidated Non-Financial Information Statement and the Sustainability Reporting of Iberdrola, S.A. and subsidiaries for 2024

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To the Shareholders of Iberdrola, S.A.:

Limited Assurance Conclusion

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the accompanying Consolidated Non-Financial Information Statement (hereinafter, NFIS) of Iberdrola, S.A. (hereinafter, the Entity) and its subsidiaries (hereinafter, the Group) for the year ended 31 December 2024, which forms part of the consolidated directors' report of the Group.

The NFIS includes additional information to that required by prevailing mercantile legislation concerning non-financial information, namely the sustainability reporting prepared by the Group for the year ended 31 December 2024 (hereinafter, the Sustainability Reporting) in accordance with the provisions of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on Corporate Sustainability Reporting (CSRD). This Sustainability Reporting has also been subject to a limited assurance review.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a) The Group's Non-Financial Information Statement for the year ended 31 December 2024 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected criteria of the European Sustainability Reporting Standards (ESRS), as well as the other criteria described based on each subject area in the "Disclosures from the Statement of Non-Financial information (SNFI)" table of the aforementioned Statement;
- b) The Sustainability Reporting as a whole has not been prepared, in all material respects, in accordance with the sustainability reporting framework applied by the Group and identified in the accompanying note "Disclosure Requirement [BP-1]: General basis for preparation of the sustainability statement", including:
 - That the description of the process for identifying the sustainability reporting information included in note "Disclosure Requirement [IRO-1]: Description of the processes to identify and assess material impacts, risks and opportunities" is consistent with the process carried out and that it identifies the material information to be disclosed in accordance with the requirements of the ESRS.
 - Compliance with ESRS.
 - Compliance of the disclosure requirements, included in subsection "European Taxonomy of Environmentally Sustainable Activities" of the environment section of



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the Sustainability Reporting, with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

Basis for Conclusion

We have performed our limited assurance engagement in accordance with generally accepted professional standards applicable in Spain and specifically with the guidelines contained in the Revised Guidelines 47 and 56 for assurance engagements on non-financial information issued by the Spanish Institute of Registered Auditors (ICJCE) and considering the contents of the note published by the Spanish Accounting and Audit Institute (ICAC) on 18 December 2024 (hereinafter, Generally Accepted Professional Standards).

The scope of the procedures applied in a limited assurance engagement is less than those required in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the level of assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the Assurance Provider Responsibilities section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Management 1 (ISQM 1), which requires us to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of Matter

We draw attention to the note "Disclosure Requirement [BP-1]: General basis for preparation of the sustainability statement" of the NFIS, which states that the Non-Financial Information Statement and Sustainability Reporting is presented as a separate document from the consolidated directors' report, of which it forms part, as this is one of the options considered in Law 11/2018 on non-financial information. Our conclusion is not modified in respect of this matter.

Directors' Responsibility

The preparation of the NFIS included in the consolidated directors' report of the Group, and the content thereof, is the responsibility of the Directors of Iberdrola, S.A. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected criteria of the ESRS, as well as the



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other criteria described based on each subject area in the “Disclosures from the Statement of Non-Financial information (SNFI)” table of the aforementioned Statement.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Directors of Iberdrola, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.

In relation to the Sustainability Reporting, the entity's Directors are responsible for developing and implementing a process for identifying the information to be included in the Sustainability Reporting in accordance with the contents of the CSRD, the ESRS and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 and for disclosing information about this process in the Sustainability Reporting in note “Disclosure Requirement [IRO-1]: Description of the processes to identify and assess material impacts, risks and opportunities”. This responsibility includes:

- understanding the context in which the Group’s business activities and relationships are conducted, and its stakeholders, in relation to the Group’s impact on people and the environment;
- identifying actual and potential impacts (both negative and positive), and any risks and opportunities that might affect, or could reasonably be expected to affect, the Group’s financial position, financial performance, cash flows, access to financing and the cost of capital in the short, medium or long term;
- evaluating the materiality of the impacts, risks and opportunities identified; and
- making assumptions and estimates that are reasonable in the circumstances.

The Directors are also responsible for the preparation of the Sustainability Reporting, including the information identified by the process, in accordance with the sustainability reporting framework applied, including compliance of the CSRD, the ESRS and the disclosure requirements included in subsection “European Taxonomy of Environmentally Sustainable Activities” of the environmental section of the Sustainability Reporting with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

This responsibility includes:

- Designing, implementing and maintaining such internal control as the Directors consider necessary to enable the preparation of sustainability reporting that is free from material misstatement, whether due to fraud or error.
- Selecting and applying appropriate methods for sustainability reporting and making assumptions and estimates that are reasonable in the circumstances for specific disclosures.



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Inherent Limitations in the Preparation of the Information

In accordance with the ESRS, the Entity's Directors are required to prepare prospective information based on assumptions and hypotheses, which are to be included in the Sustainability Reporting, regarding events that may occur in the future, as well as any possible future actions that the Group may take. The actual outcome may differ significantly from the estimates, as future events often do not occur as expected.

In determining sustainability disclosures, the Entity's Directors interpret legal and other terms that are not clearly defined and may be interpreted differently by others, including the legal conformity of such interpretations, and are therefore subject to uncertainty.

Responsibility of the Assurance Provider

Our objectives are to plan and perform the assurance engagement in order to obtain limited assurance about whether the NFIS and Sustainability Reporting are free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusions thereon. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this information.

As part of a limited assurance engagement, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Design and implement procedures to assess whether the process for identifying the information to be included in both the NFIS and Sustainability Reporting is consistent with the description of the process followed by the Group and allows, where appropriate, for the identification of material information to be disclosed in accordance with the requirements of the ESRS.
- Apply risk-based procedures, including obtaining an understanding of internal controls relevant to the engagement in order to identify the disclosures where material misstatements are more likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion about the effectiveness of the Group's internal control.
- Design and implement procedures that respond to disclosures in both the NFIS and the Sustainability Reporting that are likely to contain material misstatements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of Work Performed

A limited assurance engagement includes performing procedures to obtain evidence to support our conclusions. The nature, timing and scope of the procedures selected depend on professional judgement, including the identification of the disclosures in which material misstatements, whether due to fraud or error, are likely to arise in the NFIS and the Sustainability Reporting.

Our work consisted of making inquiries of management, as well as of the different units and components of the Group that participated in the preparation of the NFIS and the Sustainability



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Reporting, reviewing the processes for compiling and validating the information presented in the NFIS and the Sustainability Reporting and applying certain analytical procedures and sample review tests, which are described below:

In relation to the NFIS assurance process:

- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2024 based on the materiality analysis performed by the Group and described in the note "Disclosure Requirement [IRO-1]: Description of the processes to identify and assess material impacts, risks and opportunities", considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2024.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2024.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2024 and whether it has been adequately compiled based on data provided by the information sources.

In relation to the assurance work on the Sustainability Reporting:

- Making inquiries of Group personnel:
 - to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain information necessary for the external review.
 - to understand the source of information used by management (e.g. stakeholder interaction, business plans and strategy documents) and review the Group's internal documentation on its process.
- Through inquiries of Group personnel, gaining an understanding of the Group's processes for collecting, validating and reporting information relevant to the preparation of its sustainability reporting.
- Assessment of how consistent the evidence obtained from our procedures on the Group's process for determining the information to be included in the Sustainability Reporting is with the description of the process included in the Sustainability Reporting, and assessment of whether the Group's process duly identifies the material information to be disclosed in accordance with the requirements of the ESRS.
- Assessment of whether all the information identified in the Group's process for determining the information to be included in the Sustainability Reporting is effectively included.
- Assessment of how consistent the structure and presentation of the Sustainability Reporting is with the provisions of the ESRS and the rest of the sustainability reporting framework applied by the Group.



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- Inquiries of relevant personnel and performance of analytical procedures on the information disclosed in the Sustainability Reporting considering where material misstatements are likely to arise, whether due to fraud or error.
- Performance of sample substantive procedures on information disclosed in the Sustainability Reporting considering where material misstatements are likely to arise, whether due to fraud or error.
- Procurement of any reports issued by accredited independent third parties included as an appendix to the consolidated directors' report in response to the requirements of European regulations and, in relation to the information to which they refer and in accordance with Generally Accepted Professional Standards, confirmation solely that the accreditation of the assurance provider and the scope of the report issued is in line with European regulations.
- Procurement of any documents containing the information included by reference, the reports issued by auditors or assurance providers on those documents and, in accordance with Generally Accepted Professional Standards, confirmation solely that the document referred to by such information included by reference meets the conditions described in the ESRS for incorporating information by reference in the Sustainability Reporting.
- Procurement of a representation letter from the Directors and management regarding the NFIS and the Sustainability Reporting.

Other Information

Management is responsible for other information. Other information comprises the consolidated annual accounts and other information included in the consolidated directors' report, but does not include either the auditor's report on the consolidated annual accounts or assurance reports issued by accredited independent third parties required by European Union law on specific disclosures contained in the Sustainability Reporting included as an appendix to the consolidated directors' report.

Our assurance report does not cover other information and we do not express any assurance conclusions on said information.

In connection with our engagement to provide assurance on the Sustainability Reporting, our responsibility is to read the other information identified above and, in so doing, consider whether the other information is materially inconsistent with the Sustainability Reporting or with the knowledge we have acquired during the assurance engagement that could be indicative of material misstatements in the Sustainability Reporting.

KPMG Auditores, S.L.

(Signed on original in Spanish)

David España Martín

28 February 2025

Consolidated Non-Financial Information Statement (NFIS) and the Sustainability Reporting

Financial Year 2024

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I. General information

- ESRS 2 General disclosures

[ESRS 2] General information

1. Basis for preparation

- **Disclosure Requirement [BP-1]: General basis for preparation of the sustainability statement**

Legal provisions and standards applied

This *Consolidated Non-Financial Information Statement and the Sustainability Reporting* (NFIS-SR) forms part of the *Consolidated Management Report of Iberdrola, S.A. and subsidiaries* for the financial year ended 31 December 2024, and is therefore subject to the approval, deposit and publication standards for said reports. Although this document forms part of the Consolidated Management Report, it is presented as a separate document therefrom, which is one of the options established in Law 11/2018 on non-financial information. By issuing this report, Iberdrola, S.A. (**Iberdrola, or the Company**) complies with the provisions of *Section 262 of the Spanish Companies Act (Ley de Sociedades de Capital)* and *Article 49 of the Code of Commerce (Código de Comercio)* as amended by *Law 11/2018*, reporting with the detail required by these laws on environmental and social aspects, the management of people, equal opportunity, respect for human rights, and the fight against corruption and bribery and, in particular, describing the impacts, risks, policies and results connected to all of these issues.

The content includes additional information to that required by current commercial regulations on non-financial information, specifically including *Sustainability Reporting* in accordance with the provisions of Directive (EU) 2022/2464 on Corporate Sustainability Reporting (CSRD), although it had not yet been transposed into Spanish law by the end of the 2024 financial year. For this purpose, the *European Sustainability Reporting Standards (ESRS)* have been applied. The report also fulfils the reporting requirements of *Article 8 of EU Regulation 2020/852* on the establishment of a framework to facilitate sustainable investment and the rules in implementation thereof¹.

The Company has also reported on the disclosure requirements and recommendations of the Sustainability Accounting Standards Board (SASB) in its sectoral standard (*Electric Utilities and Power Generators*), which, together with the ESRS, meet the standards established by the *International Sustainability Standards Board (ISSB)* of the IFRS Foundation.

The document also outlines how the company implements the *Guiding Principles on Business and Human Rights*, which put into practice the UN framework to “*protect, respect and remedy*”, as well as the *AA1000 Accountability Principles 2018*

¹ Subsequently developed by several regulations: RD 2021/2139, RD 2023/2485, RD 2021/2178, RD 2022/1214, RD 2023/2486, RD 2020/852, RD 2021/2178.

(AA1000AP, 2018) and its four principles of inclusivity, materiality, responsiveness and impact.

Boundary and scope

The boundary of this SNFI-SR is Iberdrola, S.A. and its subsidiaries (**the Group**), the composition of which is set forth in [Appendix I of the Annual Financial Report 2024 of Iberdrola, S.A. and its subsidiaries](#), and it therefore explains the material impacts, risks, and opportunities relating to environmental, social and governance matters within the Iberdrola Group and their associated performance, and considers the upstream and downstream parts of the value chain on the terms described in the report.

At the companies in which the Company holds an equity interest, it promotes its policies through the governance bodies of such companies and includes information on those considered significant in terms of sustainability.

In certain investees, different percentages are applied to consolidate environmental and social indicators. In particular, in the case of plants operated jointly through an Economic Interest Group, the percentage interest held by Iberdrola, S.A. in each of them is used for consolidation: Vandellós (28%); Almaraz (52.69%); Trillo (49%) and Ascó (15%). On the other hand, for social information, and as a consequence of the available information systems, these companies are consolidated according to the percentage interest held by Iberdrola in the economic interest grouping created for that purpose; such interest is 51.44% in the case of Trillo-Almaraz and 14.59% in the case of Ascó-Vandellós.

The subsidiaries of the Group are exempt from reporting individual or consolidated information on sustainability, as their information is included in this report.

The scope of the *7th Collective Bargaining Agreement*, referred to in this report, includes the following companies at 31 December 2024: *Iberdrola, S.A., Iberdrola España, S.A.U., Iberdrola Generación, S.A.U., Iberdrola Generación España, S.A.U., Iberdrola Generación Nuclear, S.A.U., Iberdrola Clientes, S.A.U., Iberdrola Operación y Mantenimiento, S.A.U., i-DE Redes Eléctricas Inteligentes, S.A. (Sociedad Unipersonal), Iberdrola Infraestructuras y Servicios de Redes, S.A.U., Iberdrola Renovables Energía, S.A.U. and Iberdrola Ingeniería y Construcción, S.A.U.*

On 22 August the transaction to acquire 100% of *Electricity North West Limited* (ENW), a British electricity distribution company operating in the United Kingdom, was completed. At year-end, the Group concluded that it had significant influence over ENW Holding, which is accounted for as an associate using the equity method of accounting. The transaction is described in detail in the financial statements. As a result, ENW is not included in the sustainability information in this report.

Furthermore, in February 2025 a sale and purchase agreement (SPA) was entered into with EDF Brasil Holding S.A. and STOA S.A., concerning the sale of all of the shares comprising the share capital of the controlled company Geração Céu Azul S.A., which, in turn, holds a 70% stake in Consorcio Empreendedor Baixo Iguaçu (CEBI) (Note 18 to the Financial Statements) for an amount of BRL 1,000 million, subject to the customary adjustments for this type of transaction.

Finally, explanatory footnotes are added if a particular indicator could not be compiled in accordance with the reporting boundary. Environmental information on construction projects is not included.

The Company has identified the sectors and industries that make up its value chain and then identified the impacts that could be linked to these activities. The report contains a description of the above. However, due to the lack of reliable and complete value chain information, it is not possible at this stage to determine the materiality of the impacts. As a consequence, the transitional provision contained in paragraph 132 of ESRS 1 applies and those impacts whose materiality cannot be assessed are described from a theoretical standpoint. In the case of impacts that have been identified, the report discloses these impacts and the Company's management of each case.

More information on the value chain and its scope can be found in [ESRS 2](#).

Omission of information

The Company has not exercised the option to omit specific information relating to intellectual property, *know-how* or results of innovation; nor has it exercised the option to omit information on matters under negotiation pursuant to *Articles 19a(3) and 29a(3) of Directive 2013/34/EU*.

■ Disclosure Requirement [BP-2]: Disclosures in relation to specific circumstances

Time horizons

In general, this sustainability report applies the time horizons defined by ESRS 1 section 6.4 paragraph 77:

- Short term: one year being the period adopted by the company as the reference period for the Company's financial statements.
- Medium term: 2 to 5 years
- Long term: more than 5 years.

For the analysis of climate scenarios, the short- to medium-term horizon is defined as 2021-2040, the long-term as 2041-2060, and the very long-term as 2080-2100, which does not follow the standard. The reason for using different time periods is to adequately cover the time horizons of climate risks, which are very long-term. The useful life of most operating assets for accounting purposes ranges from 25 to 50 years. The first two horizons are considered to have a reasonable correlation with these useful lives. The very long-term horizon 2080-2100 covers the period when climate change may be most relevant, but when a reliable estimate of the assets in service or their characteristics is not possible.

Sources of estimation and outcome uncertainty

This report shows a limited number of parameters that are subject to inherent uncertainty because they arise from estimates (it has not been possible to measure them directly and they have been estimated based on indirect sources). The company considers that the parameters subject to a high degree of measurement uncertainty are those related to indirect emissions from the value chain and very long-term climate scenarios. [See chapter ESRS E-1.](#)

Changes in the preparation or presentation of sustainability information

Throughout this report, which for the first time has been prepared in accordance with ESRS standards, the Company has included the previous year's parameters wherever possible in order to improve the comparability of the data.

Incorporation by reference

Disclosure requirements SBM-1.40.b, GOV-3.29.d, G1-6, as well as the average remuneration of directors and officers, required by Law 11/2018, have been included by reference to the consolidated financial statements.

2. Governance

- **Disclosure Requirement [GOV-1]: The role of the administrative, management and supervisory bodies**

Corporate structure and administrative, management and supervisory bodies

Iberdrola, S.A. (Iberdrola or the Company) is an independent public limited company (sociedad anónima) incorporated under Spanish law and listed on the stock market, and is configured as the **holding** company of an international group with a presence in Spain, the United States of America, the United Kingdom, Australia, Brazil, Germany, France and other EU member states, among other countries.

In accordance with the provisions of the *Foundations for the Definition and Coordination of the Iberdrola Group*, the Group is structured on the basis of the separation of the functions of strategic definition, organisation, coordination and control, on the one hand, and the functions of day-to-day management and effective administration of the companies; on the other, with a structure inspired by the principle of subsidiarity and respect for the autonomy of the companies that make up the Group.

For their part, the companies of the Group perform their activities in accordance with the highest ethical standards and in compliance with the recommendations of good governance generally recognised in international markets, adapted to their needs and specificities, and in all cases in compliance with the industry rules on the separation of regulated and deregulated activities in force in each of the countries or territories in which these companies have a presence.

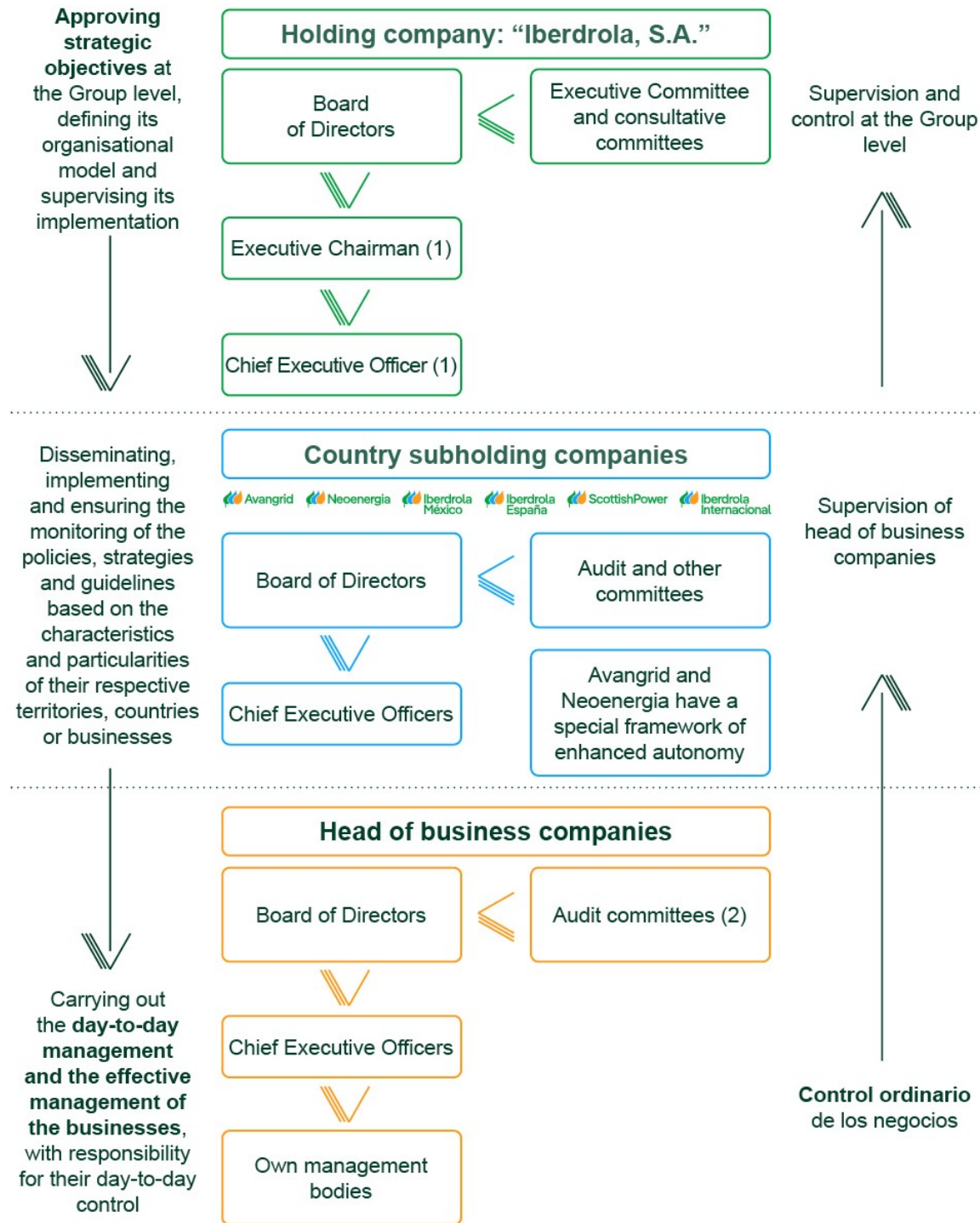
The essential premises of the Group's structure are therefore the differentiation of the functions corresponding to the *holding* company, the country *subholding* companies established in the territories where the Group's companies operate, and the head of business companies of the businesses, both Spanish and foreign.

They all share the principles reflected in the *Purpose and Values of the Iberdrola Group* and have as a common objective the social dividend, as the direct, indirect or induced contribution of value that their activities represent for their Stakeholders.

Through the country **subholding companies** and the **head of business companies**, the Group combines a decentralised structure and management model with coordination mechanisms and an effective system for separation of functions, checks and balances, and controls.

The corporate structure is designed to promote a streamlined and timely process for making day-to-day administrative and management decisions, which are the responsibility of the head of business companies, while at the same time ensuring appropriate coordination of activities at the Group level.

Based on the corporate organisation, the Group's governance structure, which is a key part of the *Governance and Sustainability System*, is managed as described below:



(1) The Chairman of the Board of Directors and the Chief Executive Officer are technically supported by the Operating Committee and the management team in the performance of their respective strategic supervision, organisation and coordination functions at the Group level

(2) For regulated head of business companies

Board of Directors and Committees thereof

The [*Regulations of the Board of Directors*](#) confer the broadest possible powers and authority on the Board of Directors to manage and represent the Company.

In general terms, the Board of Directors of Iberdrola, S.A. entrusts the functions of organisation, coordination and supervision at the Group level to its chairman (as executive chairman), an executive committee (the Executive Committee) and a chief executive officer.

The Board of Directors has only two executive directors (the Chairman and the chief executive officer), which means that 86% of its members are classified as non-executive. In turn, 91% of the non-executive directors meet the requirements to be considered independent under the Companies Act (*Ley de Sociedades de Capital*). Only one of the 12 non-executive directors has ceased to be considered an independent director, simply because he has been in office for more than 12 years, without any other circumstance that could affect his independence of judgement.

In particular, the first and second vice-chairs, as well as the lead independent director, who also chairs the Appointments Committee, are all independent members of the Board of Directors and ensure that the conduct of the executive chairman is subject to an appropriate checks-and-balances system.

In all, the Board of Directors has four consultative committees. Audit and Risk Supervision Committee, the Appointments Committee, the Remuneration Committee and the Sustainable Development Committee; three of which are made up entirely of independent directors and all chaired by independent directors.

In addition, there is a clear separation of functions between the chairman and the chief executive officer, with the chairman being responsible for all functions not specifically assigned to the chief executive officer, who coordinates the management of the businesses of the Group companies as the person with overall responsibility for all of them and with the most senior functions in this area.

These executive functions are in any case defined by the Board of Directors in accordance with the role assigned to the Company and its management bodies within the Group's corporate and governance structure described in the previous section, which therefore ensures that management power is decentralised to the boards of directors of the head of business companies of the businesses, with the Company being responsible for organisation, coordination and supervision at Group level.

In the same way, the Board of Directors designs, evaluates and constantly reviews the [*Company's Governance and Sustainability System*](#), which constitutes its own internal regulation to ensure the preservation of its identity, the realisation of its purpose and values, and the achievement of its social dividend and corporate objectives.

The [*corporate website*](#) contains the current rules and policies that make up the [*Governance and Sustainability System*](#), which is structured as follows:

- General introduction, [*Purpose and Values of the Iberdrola Group*](#).

- By-Laws, Rules of the corporate decision-making bodies and internal committees, and Foundations for the definition and coordination of the Iberdrola Group.
- Policies on transparency and good governance, natural capital and the sustainable value chain.
- Risk, corporate control and compliance standards, including the Code of Ethics.

Specifically, the Purpose and Values of the Iberdrola Group form the corporate ideology that determines the orientation and organisation of the Company and the other companies in the Group, guiding its strategy and directing its activities, initiatives and decisions as structural principles of the internal organisation of the companies in the Group.

In this way, the Governance and Sustainability System contributes to shaping the identity and essence of the companies of the Iberdrola Group taken as a whole, in line with a firm commitment to sustainability and the most demanding ethical principles, in order to promote the construction of an electric, efficient, healthy and accessible energy model, in line with the highest standards and requirements in terms of transparency and good governance, with due regard for the value chain, internal audit, risk, corporate control and compliance.

The percentage of independent board members is 78.6%.

Chairman of the Board of Directors

The chairman of the Board of Directors is considered the executive chairman and reports to the Board of Directors.

He exercises the power to represent the Company individually, its senior management and the leadership of the Board of Directors, moderating debates and ensuring that the Board and the Executive Committee, which he also chairs, are functioning properly, and the other powers granted by the Board of Directors, the Governance and Sustainability System, and the law.

In his capacity as executive chairman, he also assumes all duties not expressly assigned by the Board of Directors to the chief executive officer. The areas, divisions and positions that do not report to the chief executive officer or other specific bodies report to him.

Chief Executive Officer

As a separate position from the executive chairman, he coordinates the businesses of the Group's companies as the person with overall responsibility for all of them, in accordance with the Company's role in the corporate and governance structure defined in the Foundations for the definition and coordination of the Iberdrola Group

The chief executive officer also strengthens and facilitates the exercise of the powers attributed to the chairman of the Board of Directors, to whom he is subordinate and reports for this purpose. He also reports to the Board of Directors and regularly reports to the Board on his management, making any necessary proposals for decisions on matters within its purview.

Those who report to the chief executive officer include the chief executive officers of the country *subholding* companies, who in turn report to their boards of directors, with full respect for the special framework of enhanced autonomy of listed country *subholding* companies, where applicable, and of their subsidiaries.

In addition, the Group's companies have a structure of authorised officers and professionals, with powers provided according to two operating principles:

- The principle of joint action, which governs the exercise of powers of a decision-making or organisational nature and;
- The principle of joint and several action, which governs the exercise of powers of mere representation.

The management team regularly reports to the Board of Directors, the Executive Committee and the consultative committees as described in the annual corporate governance report.

Operating Committee and other internal committees

The Operating Committee is an internal committee of the Company that carries on its activities under the management and initiative of the chairman of the Board of Directors. Its essential purpose is to provide technical support to the chairman of the Board of Directors and to the chief executive officer on the function of organisation, coordination and supervision at the Group level in order to facilitate the implementation of the Business Model, acting with full respect for the autonomy of the country subholding companies and the strengthened autonomy of the listed country subholding companies, for the regimes of separation of regulated activities applicable in each jurisdiction, as well as for the legal requirements of the various markets and territories where the companies of the Group carry on their activities.

Additionally, within the framework of the Group's corporate and governance structure, the Company's Board of Directors promotes the creation and operation of cross-functional committees to support the management team that are linked to strategic functions, which strengthen the management decision-making bodies as effective decision-making centres that support the Company's Board of Directors.

These committees have supervisory, management and organisational powers over certain areas of conduct. They report functionally to the head of senior management or to the member of the corresponding management team and shall maintain appropriate coordination with the counterpart committees created at the country subholding companies. To this end, specific measures may be established to ensure such coordination and the appropriate exchange of information.

Executive Committee

The Executive Committee has all the powers inherent in the Board of Directors other than those that cannot be delegated pursuant to law or the [Governance and Sustainability System](#). It is the only committee with executive powers.

The main activities of this Committee consist of continuously monitoring the implementation of the strategy, the achievement of goals, the governance model, and submitting proposals to the Board of Directors or making decisions regarding strategic issues in cases of urgency. In particular, this includes investments and divestments that are significant for the Company or its Group, assessing whether they are in line with the Company's budget and strategy, analysing and monitoring business risks, and taking into consideration any environmental and social aspects.

Consultative committees

Consultative committees are permanent, internal, informational and consultative bodies within the Board of Directors, without executive powers, with informational, advisory, control and proposal-making powers within their respective scopes of activity. There are four consultative committees:

1. Audit and Risk Supervision Committee

Handles the processes of preparing and presenting financial and non-financial information, internal control systems, supervisory and risk management systems, and internal audits and statutory audits under the terms set out in its Regulations.

2. Appointments Committee

Handles the selection, appointment and re-election of the members of the Board of Directors, of the committee thereof and of the Company's Senior Management in accordance with the provisions of its Regulations.

3. Remuneration Committee

Its scope covers the remuneration of the members of the Board of Directors and of senior management as provided in its Regulations.

4. Sustainable Development Committee

The issues it covers include the review and update of the [Governance and Sustainability System](#), the Company's performance and due diligence in environmental, social and governance matters, the information published by the Company on sustainability matters, the operation of the Company's Compliance Unit and the compliance systems of the Group's companies, the corporate reputation, and the [Purpose and Values of the Iberdrola Group](#) on the terms set out in its Regulations.

The meetings of these consultative committees are attended on a recurring basis by various officers and professionals of the Company, who report on matters within their remit, detailing the presentations made to the Sustainable Development Committee during 2024 ([see chapter GOV-2 section ESRS 2](#)).

In particular, three divisions report frequently to the governing bodies on various sustainability topics:

1. Innovation, Sustainability and Quality Division

Its area of responsibility covers aspects related to Iberdrola's global climate action and other environmental issues such as biodiversity and the circular economy. Within this organisation there is a specific Climate Change and Partnerships Division. It coordinates certain plans and actions, such as the climate action plan and the biodiversity plan.

2. Risk Division

Oversees the Group's comprehensive risk system, which aims to ensure that the main risks of all the Group's activities and businesses are properly identified, managed and reported. Sustainability-related risks are integrated into risk management processes and included in this Division's regular reports to the Audit and Risk Supervision Committee.

3. Sustainability management

Responsible for the Group's sustainable development aspects, sustainability reporting and the due diligence aspects of Human Rights and community relations processes.

Country subholding companies and head of business companies

The **country subholding** companies strengthen the organisation, coordination and supervision by disseminating, implementing and monitoring the overall strategy and basic management guidelines in relation to the territories, countries or businesses decided by the Board of Directors.

In compliance with the duties and responsibilities assigned to them by their respective governance and sustainability systems, the country subholding companies determine the application of the strategies and general guidelines with projection at Group level, approved by the Board of Directors of the Company, based on the regulations applicable in each territory, country or business, as well as their characteristics, needs and specificities.

To this end, the country subholding companies approve the principles applicable to their respective head of business companies and define how the contents of the general strategies and basic guidelines approved by the Board of Directors of the Company are to be implemented.

Up-to-date information on the corporate structure and governance of the Group can be consulted on the [corporate website](#), which also identifies the current country *subholding* companies, namely: *Iberdrola España, S.A.* (Sociedad Unipersonal) (“Iberdrola España”), *Scottish Power Ltd.* (“Scottish Power”), *Avangrid, Inc.* (“Avangrid”), *Neoenergia S.A.* (“Neoenergia”), *Iberdrola México, S.A. de C.V.* (“Iberdrola México”) and *Iberdrola Energía Internacional, S.A.* (Sociedad Unipersonal) (“Iberdrola Energía Internacional”).

These entities reinforce the organisation, coordination and supervision through the dissemination, implementation and supervision of the overall strategy and basic management guidelines, grouping the shareholdings in the head of business companies. One of their main functions is to centralise the provision of common services to these companies and to represent them vis-à-vis national institutions.

To carry out their duties, the country *subholding* companies have their own boards of directors and chief executive officers, as well as audit and compliance committees, in addition to their own internal audit and compliance units or divisions.

In addition, the [Foundations for the definition and coordination of the Iberdrola Group](#) guarantee a special framework of enhanced autonomy for listed country *subholding* companies in the regulatory, related-party transaction, and management areas (at year-end 2024, only Neoenergia, listed in Brazil, had this status).²

Finally, the **Head of Business or Country Companies** take on executive responsibilities in a decentralised manner, having the autonomy required to carry out the day-to-day administration and effective management of the businesses and they are responsible for the day-to-day control thereof, without prejudice to the corporate autonomy of subsidiaries domiciled in different countries or territories.

They are also organised through their respective boards of directors and their own management decision-making bodies; they may also have their own audit committees, internal audit areas and compliance units or divisions.

Separation of functions, checks and balances, and controls

The structure of the Board of Directors —with a large majority of independent directors—, the configuration of its positions, and the existence of consultative committees, provide the structure for a system of checks and balances that ensures that neither the executive chairman, the chief executive officer nor the Executive Committee have decision-making powers that are not subject to the appropriate checks and balances, thus ensuring that they are under the effective supervision of the Board of Directors ([see section GOV-1 of chapter ESRS 2](#)).

² On 23 December 2024, the shares of the country subholding company in the United States of America (Avangrid) were delisted from the New York Stock Exchange, after the Company became the holder of 100% of Avangrid's share capital.

Rules of the corporate decision-making bodies and internal committees

The roles and responsibilities of the different governing bodies, as well as their respective members, are detailed in the regulations of the corporate bodies and internal committees that form part of the Company's *Governance and Sustainability System*.

Multiple composition of the Board of Directors

As at 31 December 2024, Iberdrola's Board of Directors is made up of the following members:

Members of the Board of Directors

Position	Director	Status	Date of last appointment	End of term ³	Committee
Chairman	José Ignacio Sánchez Galán (Salamanca, Spain, 1950)	Executive	28-04-2023	28-04-2027	Chairman of the Executive Committee
Chief Executive Officer	Armando Martínez Martínez (Miranda de Ebro, Spain, 1968)	Executive	28-04-2023	28-04-2027	Member of the Executive Committee
First Vice-Chair	Juan Manuel González Serna (Madrid, Spain, 1955)	Independent	18-06-2021	18-06-2025	Member of the Executive Committee Chair of the Remuneration Committee
Second Vice-Chair	Anthony L. Gardner (Washington D.C., United States, 1963)	Independent	17-06-2022	17-06-2026	Member of the Executive Committee Member of the Appointments Committee
Lead independent director	Ángel Jesús Acebes Paniagua (Ávila, Spain, 1958)	Independent	18-06-2021	18-06-2025	Member of the Executive Committee Chair of the Appointments Committee
Member	Íñigo Víctor de Oriol Ibarra (Madrid, Spain, 1962)	Other external	17-05-2024	17-05-2028	Member of the Remuneration Committee
Member	Manuel Moreu Munaiz (Pontevedra, Spain, 1953)	Independent	28-04-2023	28-04-2027	Member of the Executive Committee Member of the Remuneration Committee
Member	Xabier Sagredo Ormaza (Portugaleta, Spain, 1972)	Independent	28-04-2023	28-04-2027	Chair of the Audit and Risk Supervision Committee
Member	Sara de la Rica Goiricelaya (Bilbao, Spain, 1963)	Independent	28-04-2023	28-04-2027	Chair of the Sustainable Development Committee
Member	Nicola Mary Brewer (Taplow, United Kingdom, 1957)	Independent	17-05-2024	17-05-2028	Member of the Sustainable Development Committee
Member	Regina Helena Jorge Nunes (São Paulo, Brazil, 1965)	Independent	17-05-2024	17-05-2028	Member of the Audit and Risk Supervision Committee
Member	María Ángeles Alcalá Díaz (Albacete, Spain, 1962)	Independent	17-06-2022	17-06-2026	Member of the Audit and Risk Supervision Committee
Member	Isabel García Tejerina (Valladolid, Spain, 1968)	Independent	17-06-2022	17-06-2026	Member of the Sustainable Development Committee
Member	Ana Colonques García-Planas (Vila-real, Spain, 1982)	Independent	17-12-2024	30-06-2025	Member of the Appointments Committee

³ The director, Ms Ana Colonques García-Planas, was appointed by the Board of Directors on an interim basis and, therefore, her appointment is subject to ratification by the General Shareholders' Meeting to be held within the first six months of the financial year 2025, in accordance with Section 244 of the Companies Act.

As shown in the table above, the Board of Directors of Iberdrola S.A. is composed of 14 members, of whom 2 are executive members.

There is currently no legal representation of the workers on the Board of Directors, which is not provided for by the legislation in force in Spain.

The Board is characterised by the multiplicity of skills, experiences and nationalities of its members. They have a broad and appropriate range of knowledge, skills and experience in relation to the matters required for the performance of their duties, including sustainability issues of relative importance to society, industry needs and the competitive position of the Company.

The Appointments Committee regularly reviews the *skill matrix* which individually identifies the key skills of the members of the Board of Directors in sustainability and other areas. Currently, 13 members are identified as having such skills in sustainability (including climate change); 13 in audit, finance and risk management; and 12 in legal and regulatory matters, among other areas described in the skills matrix.

These skills are defined below:

- **Sustainability:** Directors with experience in senior management roles related to sustainability issues (e.g. sustainability officer) or with significant personal commitment to environmental and social issues. Directors with experience in senior human resources roles (e.g. head of HR) or who have directly overseen human capital development as a primary function of a previous position.
- **Audit, Finance and Risk Management:** Directors with audit or finance functions (e.g. financial reporting responsibilities) who have the ability to report and interpret financial data. Also those with financial management responsibilities (e.g. chief financial officer). Directors with practical experience of corporate risks, including enterprise risk management, crisis management and regulatory compliance.
- **Legal and Regulatory:** Directors with advanced legal qualifications, experience in a corporate legal environment or professional practice, or direct exposure to regulators or government organisations.

The Board of Directors is made up of 86% external directors and 79% of its members are independent directors, including the two vice-chairs, the lead independent director and the chairs of all the consultative committees.

Furthermore, the Board of Directors stands out for maintaining a gender balance, with 50% external directors of each gender and no gender with a representation of less than 40% of all directors (43% women and 57% men):

Composition of the Board of Directors

Category	Subcategory	No. 2024	% 2024	No. 2023	% 2023
By gender	Men	8	57	8	57
By gender	Women	6	43	6	43
By age group	Between 31 and 50 years old	1	7	0	0
By age group	Over 51 years old	13	93	14	100
Total Group	All	14	100	14	100

For more detailed information regarding the composition, operation and activities of the company's governance bodies, see the [annual corporate governance report](#).

Skills and expertise for monitoring sustainability matters

The Board is characterised by the multiplicity of skills, experiences and nationalities of its members. They have a broad and appropriate range of knowledge, skills and experience not only in relation to the matters required for the performance of their duties but also in relation to the industry needs and the competitive position of the Company. Specifically, the directors as a whole have a high level of expertise in business management, the energy sector, cybersecurity, climate change, finance and risk, and the markets in which the Iberdrola Group operates, among other areas.

Iberdrola also has a programme to provide directors with training and knowledge refreshment in response to the need for professionalisation, diversification and qualification of the Board of Directors.

This training programme is carefully designed to address the impacts, risks and opportunities facing the organisation in the global energy sector, particularly those related to environmental, social and corporate governance issues. Through this training, the members of the Board of Directors are kept abreast of market challenges, technological innovations, regulatory trends and Stakeholder expectations, ensuring a management approach consistent with the highest standards of excellence and corporate responsibility.

To this end, time is set aside at meetings of the Board of Directors to discuss geopolitical, economic, regulatory or current affairs topics of interest to the Company's directors, and specific content is prepared for directors and made available through the training section of the directors' website.

In addition to the training materials and sessions for all directors, the members of each of its committees have specific training plans in the competence area of the corresponding committee.

In particular, all consultative committees conduct in-person training and development activities on topical issues related to their respective areas of responsibility. For example, during financial year 2024, the Audit and Risk Supervision Committee's training plan included sessions on *reporting* and internal control of non-financial information and climate risk management; the Appointments Committee's training plan included sessions on talent assessment and management; the Remuneration Committee's training plan included sessions on remuneration systems, incentives and pensions; and the Sustainable Development Committee's training plan included sessions on sustainability trends, corporate reputation, key compliance risks and best practices in corporate governance in international markets.

The presentations and training content provided to directors throughout 2024 included experts from prestigious companies in areas including strategic consultancy, technology and sustainability; legal, employment and tax advice; and talent management.

This training has covered the following contents, either because they were considered of interest for the assessment of the Board of Directors or for reasons of topicality:

- Trends in corporate governance and compliance, including anti-corruption contents.
- New United Kingdom corporate governance code.
- Developments, prospects and internal control over non-financial reporting.
- Effects of the Draft Bill on corporate sustainability reporting.
- New Directive on human rights and environmental due diligence.
- Reputational risk, corporate purpose and comparable international trends in corporate reputation.
- Climate risks.
- New legislation in Spain on equal representation and gender balance.
- Reform of the EU Listing Act.
- The use of artificial intelligence, its new regulation in the European Union and liability for losses caused by the use of this technology.
- Spain's comparative renewable energy advantages.
- Best international practices in assessment processes for boards of directors, their committees and directors.
- International best practice in attracting, retaining, managing and developing talent.
- Compensation systems to attract and retain digital talent.

- Incentives and pensions in M&A environments.
- Greenwashing *in* and the Proposal for a Directive on substantiation and communication of *explicit environmental claims (Green Claims)*.

The training activities of the Board of Directors and its committees have included nearly 20 face-to-face sessions of mandatory attendance for directors, as they are part of the meetings of the corporate bodies, as well as the delivery of 17 documents to all directors through the directors' website.

Furthermore, as director join the Board of Directors, an Orientation Programme covering aspects such as the business and organisational model of the Company and its Group, the corporate governance structure and its ownership, and the [Governance and Sustainability System](#) is made available to new members.

The directors' website also facilitates the performance of directors' duties and the management of the training programme, incorporating training content, in addition to documents deemed appropriate to prepare the meetings of the Board of Directors and its committees based on the agenda, and the presentations to be given at their respective meetings.

Other roles of the administrative, management and supervisory bodies

The established method of monitoring the targets set in relation to Iberdrola's impacts, risks and opportunities is described in [section GOV-2 of chapter ESRS 2](#).

■ Disclosure Requirement [GOV-2]: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Board of Directors of Iberdrola is structured as described in [section GOV-1 of chapter ESRS 2](#), and its consultative committees described above assist it in its task of supervising the management of the Company's financial, social and environmental performance. This includes both the supervision of the impacts, risks and opportunities generated by the group's activities and compliance with international principles, codes and standards applicable to the tasks for which it is responsible. At least once a year, the administrative bodies are informed of the results of the double materiality assessment, as well as the application of due diligence and the results and effectiveness of the policies, actions, parameters and targets for addressing them.

The company describes which officers report to the Board of Directors and each of the committees thereof, and on what matters they report on in the annual corporate governance report.

In particular, detailed below are the most significant activities carried out in 2024 by the Sustainable Development Committee, responsible for determining the overall guidelines, criteria and principles that should govern the preparation of the statement of non-financial information, as well as verifying that the content of the statement of non-financial information is in line with the Company's sustainable development strategy and that it mentions the degree of achievement of the Climate Action Plan approved by the Board of Directors, following a report from the committee and, where appropriate, any updates thereto:

- Monitoring of the implementation of the [*Purpose and Values of the Iberdrola Group*](#).
- Review of the [*General Sustainable Development Policy*](#) and monitoring of compliance with the *Sustainable Development Plan*, goals and policies relevant to institutional investors, including Stakeholder engagement.
- Monitoring of the implementation of the [*Stakeholder Engagement Policy*](#) and the [*Policy on Respect for Human Rights*](#).
- Monitoring and reviewing the degree of fulfilment of the *Climate Action Plan*.
- Monitoring of the Company's activities and objectives in the areas of employment, satisfaction, equal opportunity, integrity, non-discrimination, equality, work-life balance, accessibility and mobility within the Committee's remit.
- Monitoring of the corporate governance strategy and compliance with legal requirements and the rules of the [*Governance and Sustainability System*](#), as well as activities relating to corporate reputation, brand and other intangible assets.
- Annual evaluation of the group's crime prevention programmes and opinions regarding the annual report on the effectiveness of compliance systems in 2023 and the performance of the Compliance Unit in financial year 2024.
- Review and validation, for submission to the Board of Directors, of the annual activity plan and budget of the Compliance Unit for financial year 2025.
- Reports and proposals to the Board of Directors related to changes to the Company's Compliance System and the composition of the Compliance Unit.
- Report to the Board of Directors on the monitoring of the implementation by the founding entities of the Iberdrola group of the activities of general interest, corporate social responsibility and corporate reputation entrusted to them, as well as on the promotion of the social action strategy of sponsorship and patronage for 2025.
- Analysis of environmental, social and governance elements in the non-financial information.
- Reports to the Board of Directors regarding the statement of non-financial information (sustainability report), the annual corporate governance report and the tax transparency report, among others, for the financial year 2023, as well as the integrated report 2024.

- Review of the sufficiency and appropriateness of the information on sustainable development, corporate governance and other aspects related to the Commission's functions published on the corporate website.
- Analysis and assessment of the Company's sustainability relationship processes with its suppliers.

The Board of Directors and its consultative committees routinely assess the group's performance in the aforementioned aspects, drawing both on external information of interest to them, provided by independent external consultants, and on information provided by the organisation itself, mainly through regular appearances by senior managers of Group companies.

Presentations to the Sustainable Development Committee

The Sustainable Development Committee requires the appearance of various divisions of the Company or other companies of the group. All of these appearances cover sustainability-related impacts, risks and opportunities, which are presented and analysed.

There were 9 appearances by the Finance, Control and Corporate Development division, represented on 8 occasions by the Sustainability division; 4 by the General Secretary and Secretary of the Board; 3 by the Innovation, Sustainability and Quality division; 3 by the People and Services division; 3 by the Talent and Global Culture division; 2 by the Compliance division; 1 by the Customers division of Iberdrola España; and 1 by the Communications division of Iberdrola España.

A broad range of topics were covered, including the following: the process of preparing the sustainability reporting; reviews of the [*Governance and Sustainability System*](#) and the implementation of its policies, with a particular focus on those related to sustainable development; progress on sustainability goals and the Company's performance in this area; reputational monitoring; corporate governance reporting; the results of the General Shareholders' Meeting; tax transparency information; monitoring of the Climate Action Plan; circular economy and biodiversity; equality and opportunities; sustainability of the value chain; efficiency of the Company's Compliance System and of the compliance systems of the Group's companies; activities of the Compliance Unit; brand and intangible assets.

The Committee also requested presentations from external advisors, experts in various areas such as corporate reputation and reputational risk and intangibles; the verification of the sustainability information published on the corporate website; and the evaluation of the Committee's own performance.

This information is developed in greater detail in the Annual Corporate Governance Report.

Role of highest governance body in sustainability reporting

Iberdrola's Board of Directors is the body responsible for approval of the *Consolidated Non-Financial Information Statement (NFIS) and the Sustainability Reporting 2024*, which was formulated on 25 February 2025 (following a report from the Sustainable Development Committee), the date of preparation of the company's annual financial statements for financial year.

This report will be submitted to the shareholders for approval at the General Shareholders' Meeting.

■ **Disclosure Requirement [GOV-3]: Integration of sustainability-related performance in incentive schemes**

Remuneration mix

Iberdrola's *Director Remuneration Policy* establishes a remuneration system that is not short-termism and maintains a reasonable balance between the various elements that make up the remuneration, reflecting an appropriate assumption of risks that contribute to attracting, retaining, motivating and developing the best talent.

The *Policy* is governed by the following principles affecting the elements of the remuneration mix for officers:

Principles	Fixed remuneration	Short-term variable remuneration (annual bonus)	Long-term variable remuneration (strategic bonus)
Transparency	•	•	•
Non-discrimination	•	•	•
Alignment with the remuneration policy for the Company's professionals	•	•	•
Competitiveness for the creation of value	•	•	•
Neutrality in variable remuneration for the creation of value		•	•
Commitment to shareholder interests and to long-term sustainability		•	•
Proportionality with risk measures in the remuneration systems		•	•

The principles of the *Policy* are applied through an appropriate remuneration mix that includes:

1. Fixed remuneration.
2. Short-term variable remuneration (annual bonus).
3. Long-term variable remuneration (strategic bonus).
4. Benefits.

The remuneration *mix* is designed to attract, retain and motivate the best talent and align their conduct with the interests of the Iberdrola Group and the achievement of its business strategy, promoting its long-term sustainability, in accordance with domestic and international best practices.

Officers and other professionals of the Iberdrola Group assigned to divisions or areas that report functionally to the Audit and Risk Supervision Committee or the Sustainable Development Committee, including Internal Audit and Risk and Compliance, do not participate in annual variable remuneration systems, nor are they beneficiaries of the long-term incentive, in order to ensure the necessary autonomy and independence of these functions, which are part of the second and third lines of defence, and to strengthen the effectiveness of the Iberdrola Group's internal control system.

Short-term variable remuneration, annual bonus

Its purpose is to incentivise the achievement of the Company's annual objectives and those specific to the position, aligning the dedication and efforts of the officers with the business strategy. This annual variable remuneration is linked to the achievement of predetermined, specific, measurable, challenging and clear quantitative and qualitative strategic objectives, aligned with the *Purpose and Values*, the achievement of the business strategy, and the long-term interests and sustainability of the Company, including financial, operational and sustainability objectives.

Long-term variable remuneration, strategic bonus

Long-term variable remuneration encourages commitment to the Iberdrola Group's long-term business enterprise, linking part of the remuneration to the creation of value for stakeholders, as well as to the sustainable achievement of the Group's strategic objectives and the maximisation of its social dividend and shareholder return.

It is implemented through share delivery plans linked to the achievement of long-term objectives, which are submitted *ex ante* to the shareholders for approval at the General Shareholders' Meeting, who establish the maximum number of shares to be delivered to the officers who are directors and also set the objective and quantifiable parameters that determine their accrual, as well as their weighting.

These plans typically have a duration of six years, three years for performance evaluation and three years for payment. Long-term variable remuneration plans are awarded every three years rather than annually, ensuring that there are no overlaps. Thus, the 2020-2022 Strategic Bonus is currently in the payment period (with two of the three deliveries scheduled at the date of preparation of this report having been made) and the 2023-2025 Strategic Bonus is in the evaluation period.

Both short and long-term variable remuneration is subject to the application of cancellation clauses (*malus* clauses) or clauses governing the repayment of variable remuneration (*clawback* clauses).

Short-term variable remuneration, annual bonus

The variable remuneration is linked to the achievement of predetermined, specific, measurable, challenging and clear quantitative and qualitative strategic objectives, aligned with the [Purpose and Values](#), the achievement of the business strategy, and the long-term interests and sustainability of the Company, including financial, operational and sustainability objectives.

The *pool* of targets linked to short-term variable remuneration relates to parameters such as:

Financial	<ul style="list-style-type: none"> • Net profit, gross operating income (EBITDA), cash flow, etc. • Investments. • Comparative performance of shareholder remuneration against other securities and indices • Financial strength. • Level of group efficiency.
Operational	<ul style="list-style-type: none"> • Selection and implementation of investments. • Project portfolio. • Installed capacity. • New network assets recognised in the regulated asset base. • Regulatory aspects. • Leadership in customers.
Sustainability	<ul style="list-style-type: none"> • Development and application of policies on Stakeholder engagement, respect for human rights, people management and the social dividend. • Development of the Equal Opportunity Policy. • Results in the fight against climate change. • Corporate reputation management, measured through presence on sustainability and ethics indices. • Resilience and strengthening of cybersecurity plans. • Levels of health, safety, well-being and work climate

The specific parameters to which the short-term variable remuneration (annual bonus) is linked are broken down in the Company's [Annual Report on Remuneration of Directors and Officers](#).

Long-term variable remuneration, strategic bonus

The 2020-2022 Strategic Bonus, currently in the payment period, is related to sustainability targets submitted *ex ante* for the approval of the shareholders at the General Shareholders' Meeting, which have a weighting of 30%: (i) 10% reduction of average CO2 emissions intensity; (ii) 10% increase number of suppliers subject to sustainable development policies and standards; and (iii) 10% close the pay gap between women and men at the Iberdrola Group level.

Similarly, the 2023-2025 Strategic Bonus, currently in the evaluation period, is related to sustainability targets submitted *ex ante* for the approval of the shareholders at the General Shareholders' Meeting, which have a weighting of 30%: (i) 10% average intensity of specific CO2 emissions at the end of 2025; (ii) 10% number of suppliers subject to sustainable development policies and standards at the end of 2025; and (iii) 10% percentage of women in key positions at the end of 2025.

In both short- and long-term incentive plans, each metric has an associated achievement scale that establishes a minimum threshold and a maximum limit. In the event of not reaching the minimum achievement level, no variable remuneration will accrue, and in the event of reaching an achievement level above the maximum limit, no variable remuneration will accrue with a percentage of achievement above 100%, with no additional payments for overachievement. For each of the metrics, any intermediate results shall be calculated by linear interpolation.

Short-term variable remuneration, annual bonus

The specific weightings to which the short-term variable remuneration, annual bonus, is linked are broken down in the Company's [*Annual Report on Remuneration of Directors and Officers*](#).

Long-term variable remuneration, strategic bonus

Both the 2020-2022 Strategic Bonus, currently in the payment period, and the 2023-2025 Strategic Bonus, currently in the evaluation period, take sustainability objectives into account in the Company's performance, subject *ex ante* to the approval of the shareholders at the General Shareholders' Meeting, in both plans, with a weighting of 30%.

General Shareholders' Meeting:

- Approves the remuneration of directors consisting of the delivery of shares of the Company or of options thereon, as applicable, or which is indexed to the value of the Company's shares.

Board of Directors:

- Proposes the share-based variable remuneration plans for approval by the shareholders at the General Shareholders' Meeting upon a proposal from the Remuneration Committee.
- Approves the performance of officers in short-term variable remuneration upon a proposal from the Remuneration Committee.
- Approves the performance of the Company in long-term variable remuneration upon a proposal from the Remuneration Committee.

Remuneration Committee:

- Proposes to the Board of Directors the system and amount of annual remuneration of the directors, as well as the individual remuneration of the officers.
- Ensures that the Board of Directors is in a position to approve, prior to their application, the objectives, criteria and metrics for the various remuneration items that have been established for the current financial year, in accordance with the Policy approved by the shareholders at the General Shareholders' Meeting.
- Ensures that the Board of Directors is able to assess the achievement of the objectives, criteria and metrics established in the previous financial year that determine the variable remuneration accrued by the officers in that financial year sufficiently in advance. For the short- and long-term variable remuneration, where applicable, it also proposes to the Board the cancellation or repayment of the remuneration paid to the corresponding beneficiaries.
- In consultation with other committees, particularly the Audit and Risk Supervision Committee, the Remuneration Committee assesses whether the remuneration system encourages excessive or inappropriate risk-taking. This assessment takes into account Iberdrola's risk characteristics in the design of variable remuneration plans.

More information can be consulted regarding the Company's remuneration and incentive system in Iberdrola's *Annual Report on Remuneration of Directors and Officers*

■ **Disclosure Requirement [GOV-4]: Statement on due diligence**

The information is broken down at the end of the document in the ESRS Disclosure Requirement IRO-2 section.

■ Disclosure Requirement [GOV-5]: Risk management and internal controls over sustainability reporting

Comprehensive Risk Control and Management System

Iberdrola's Board of Directors oversees the management of the group's risks. Therefore, through the *Iberdrola Group's General Risk Control and Management Guidelines* ("Guidelines"), it identifies the main risks of the Group and establishes the basic principles and the general framework of conduct for establishing the Company's *Comprehensive Risk Control and Management System*, through which they are implemented.

The Comprehensive Risk Control and Management System is designed in accordance with international best practices in internal control and enterprise risk management and comprises the following elements:

- Continuous identification of significant risks and threats.
- Analysis and assessment of such risks.
- Development of due diligence, control and monitoring systems for compliance with policies, including mechanisms to prevent, detect and mitigate potential risk situations that may arise.
- Establishment of risk guidelines and risk limits and indicators.
- Ongoing assessment of the appropriateness and effectiveness of the implementation of the system and best risk practices and recommendations, as well as regular review of the Comprehensive Risk Control and Management System.
- Audit of the Comprehensive Risk Control and Management System

The Board of Directors and the Executive Committee are assisted by the *Audit and Risk Supervision Committee* which, as a consultative body, supervises and reports on the adequacy of the Comprehensive Risk Control and Management System, on the appropriateness of the definition and allocation of functions and responsibilities at the operational and supervisory levels and on the procedures, methodologies and support tools corresponding to the various stages and activities of the comprehensive risk control and management system, in which the various corporate and business areas and functions participate. These areas and functions are:

- Corporate and business areas with primary responsibility for identifying, managing and controlling the risks that affect their area of competence.
- Specialised areas that perform duties related to defining, implementing, deploying and monitoring control frameworks for specific overarching risks.
- Risks, which reports to the Internal Audit and Risk division, is an independent function that leads the design and implementation of a Comprehensive Risk Control and Management System to identify significant risks faced by the Group.

In addition, there is the Risk Committee, an internal and permanent cross-functional body for the implementation and operation of the *Comprehensive Risk Control and Management System*, which ensures that risks are identified and appropriately managed within the approved risk limit guidelines.

The Group's Risk Committee meets at least one a month. This committee is supplemented with the Credit Risk and Market Risk Committees, which also meet on a monthly basis.

On at least a quarterly basis, the Audit and Risk Supervision Committee of the Board of Directors monitors trends in the Group's risks:

- It reviews quarterly Group risk reports, which includes monitoring compliance with risk policies and thresholds, and with the updated key risk maps submitted by the Group's Internal Audit and Risk Division.
- It coordinates and reviews the Risk Reports sent periodically (at least half-yearly) by the Audit and Compliance Committees of Group companies that have such a body.
- On at least a half-yearly basis, it prepares a risk report for the Board of Directors.

Sustainability reporting process

Iberdrola publishes its SNFI-SR on an annual basis in order to promote the disclosure of non-financial information and the social dividend generated by the Group among stakeholders ([section SBM-2 of chapter ESRS 2](#)), through a true and fair view of its performance and as a means of expressing its firm commitment to sustainability, in accordance with the provisions of the [By-Laws](#), the [Purpose and Values](#) and the [Governance and Sustainability System](#) of the Iberdrola Group.

The SNFI-SR, in accordance with applicable legislation, discloses all material issues (Disclosure Requirement IRO-1 ESRS-2) in a transparent, understandable and balanced manner, reflecting the environmental, social and corporate governance performance of the consolidated Group, within the scope defined by the regulations and in accordance with international standards.

The internal control system of Iberdrola and its group companies is based on the Three-Line Model, published by the *Institute of Internal Auditors and the "Internal Control Integrated Framework"* (ICIF-2013) of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and more specifically in the specific guide on sustainability information "Achieving effective Internal control over sustainability reporting (ICSR)" published in 2023.

Iberdrola's Board of Directors, informed and advised by the Audit and Risk Supervision Committee (hereinafter, the "Committee"), is ultimately responsible for implementing and maintaining an adequate and effective Internal control over sustainability reporting (hereinafter "ICSR").

The heads of the country subholding companies and those of the head of business companies, together with the respective heads of Sustainability (or whoever performs their functions in each company), as well as the directors of the corporate areas, are in turn responsible for the design and implementation of the ICSR, each in their own area. This responsibility is explicitly included in the certifications that these people sign annually in relation to the sustainability information that each of them prepares or consolidates.

The current scope of the ICSR covers the entire scope of the Iberdrola Group, involving more than 700 people from the group companies that use the computer application, both to document the evidence that demonstrates the performance of more than 1.000 controls, designed to mitigate or manage approximately 400 priority risks of error, and to participate in the certification process or monitor, analyze, adapt and evaluate the ICSR.

The process culminates in the joint certification that the Executive Chairman and the Director of Finance, Control and Corporate Development submit to the Board of Directors in order to prepare the sustainability report.

The indicators are grouped into management cycles or large processes that produce the information included in the Sustainability Report. The cycles are analysed and a high-level description of each cycle is documented in order to identify potential risks of error in relation to attributes such as completeness, accuracy, presentation and validity.

The identified risks are part of an evaluation process, selecting the most relevant ones, applying professional judgement based on a series of indicators (existence of documented processes and controls, intervention of automated processing systems, occurrence of incidents in the past, knowledge and maturity of the process and the need to apply judgements to make estimates).

The selected risks are reviewed at least annually, within the framework of the evaluation of the effectiveness of internal control carried out by those responsible with the support and coordination of the Internal Assurance of Sustainability Information department.

Considering all of the above, the main risks of error in sustainability reporting have been identified and relate to the following matters:

- The application of common criteria to prepare the information by the group companies.
- The use of estimates aligned with the criteria established in the Group.
- The integrity of the information collected, which must respect the perimeters established for each indicator.
- The accuracy of the calculations, in accordance with the established criteria.
- Inaccurate recording of data in the reporting tool.

To mitigate the risks mentioned above, related controls have been implemented, reviewing the following issues:

- Existence and communication of policies, procedures and criteria applicable to the sustainability reporting process.
- Documentation and approval at the appropriate level of assumptions for estimates and extrapolations.
- Accuracy of the information collected and reconciliation of the data obtained with external sources, such as suppliers, settlements or invoices.
- Accuracy of the data recorded in the reporting tool.

In addition, there is a general controls model integrated with the risk management model that allows a global assessment of risks related to information technology ("IT"), based on international standards such as COBIT5, NIST, ISO and COSO. As part of the IT general controls model, the effectiveness of the information technology controls implemented in the area of sustainability systems is periodically evaluated.

On an annual basis, the heads of the Iberdrola Group's information systems certify the effectiveness of the internal controls established over the sustainability information systems.

The different Sustainability managers in the country subholding companies and head of business companies, and those responsible for preparing the sustainability information of each country subholding company, head of business company and corporate area, review the design and operation of the ICSR, drawing conclusions on its effectiveness.

On the other hand, the Internal Audit and Risk Division conducts independent oversight of internal control in support of the Commission, identifying deficiencies and making recommendations for improvement.

Description of the periodic notification of the findings mentioned to the administrative, management and supervisory bodies

The Commission's oversight activities of the ICSR include:

- the monitoring of compliance with the certification process by the different people responsible for sustainability information;
- the review of the design and operation of the internal control system, to evaluate its effectiveness; and
- the periodic meetings held with the external auditor, the Sustainability Division, the Internal Audit and Risk Department and senior management, to review, analyse and comment on the sustainability information, the scope of companies covered and the accounting criteria applied, as well as, where appropriate, the significant internal control weaknesses identified.

Specifically, the Sustainability and Internal Audit and Risk divisions independently submit the conclusions on the effectiveness of the model to the Commission within the framework of the meetings they hold periodically.

External assurance of the information statement

This Sustainability Report has been externally verified by KPMG Auditores, S.L. The Independent Expert Assurance Report is included at the beginning of this document.

3. Strategy

■ Disclosure Requirement [SBM-1]: Strategy, business model and value chain

Strategy and business model

After more than 120 years of history, Iberdrola has consolidated its position as a world leader in the energy sector and one of the largest private electricity companies in the world by market capitalisation.

Iberdrola's leadership is underpinned by its smart grids, renewables and efficient storage businesses, and by a diversified portfolio of projects and markets, with a presence in countries with high credit ratings. The Company and its subsidiaries and investees carry out their activities in almost thirty countries.

A substantial part of the Group's activity is concentrated in Spain, the United States of America, the United Kingdom, Australia, Brazil, Germany, France and other European Union member states, among other countries.

The **main product that the Group makes available to its customers is electricity** through a broad array of technologies, services and solutions in the areas of:

- Transmission and distribution of electricity through smart grids.
- Electricity generation from renewable sources: wind (onshore and offshore), hydroelectric, photovoltaic.
- Storage at large scale (GWh) through pumped hydroelectricity, at medium scale (MWh) in grids and generation assets through batteries, and at small scale (kWh) at the end-user level.
- Electricity and gas supply.
- Energy services for customers: with intelligent and innovative (Smart) solutions in the following areas:
 - Residential, with services such as self-consumption, solar, electric mobility, heat pumps, etc.
 - Industrial: offering comprehensive management of energy facilities and supplies, like *Green H2*, *Industrial Heat*, etc.
- Purchase/sale of electricity and gas on wholesale markets, and retail distribution of gas.
- Digitalisation: implemented within its assets to improve the quality, efficiency and safety of electricity supply.

At the end of 2024, the Group companies as a whole supplied energy to a total of 36 million users. Of this total, 31.9 million were electricity users and the others were gas users. 86.6% were residential users.

With respect to revenues by significant sectors of the ESRS, the segment-specific information is found in Note 8 of the [Annual Financial Report 2024 for Iberdrola, S.A. and its subsidiaries](#).

Revenues from activities related to the fossil fuel sector, including gas distribution and marketing, amounted to €3,779 million in 2024.

Value chain

The European Sustainability Reporting Standards (ESRS) include the value chain within the scope of all the topics. In accordance with Annex II of Delegated Regulation 2023/2772 (ESRS), the value chain is defined as: *“the full range of activities, resources and relationships related to the undertaking’s business model and the external environment in which it operates. A value chain encompasses the activities, resources and relationships the undertaking uses and relies on to create its products or services from conception to delivery, consumption and end-of-life.”*

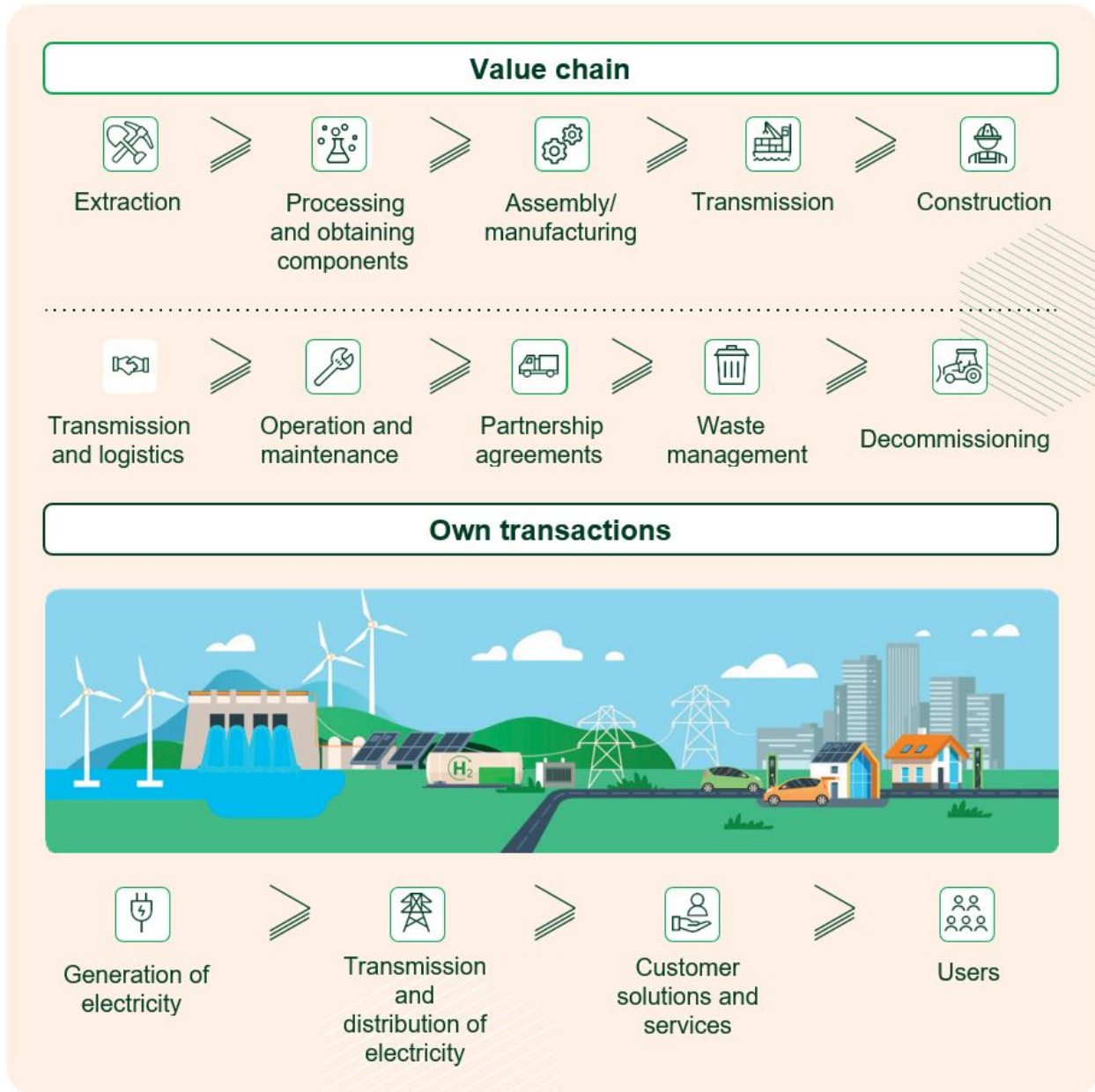
In order to address the requirement to include upstream and downstream stages of the value chain in the scope of the report, undertakings are currently faced with an absence of mechanisms to trace the value chains of the multiplicity of products and services they purchase. This makes it impossible to know which specific actors are part of these value chains, and therefore there is insufficient data either to produce a comprehensive double materiality assessment or to report indicators in a generalised way. This reality is particularly aggravated in industrial sectors that rely on primary and secondary sectors on a global scale.

In order to facilitate the gradual adoption of these requirements, and in the event that not all of the necessary value chain information is available, the ESRS allow, during the first three years of their implementation, an explanation of the work done to obtain the information, the reasons why this information could not be obtained and the plans to obtain this information in the future.

Taking all of the above into account, this Statement of Non-Financial Information meets the disclosure requirements by presenting the results of a two-level analysis:

- Identification of the sectors that are part of the value chain.
- Identification of potential impacts, risks and opportunities in the value chain, which are described in section [SBM-3 of chapter ESRS 2](#).

The main industries or sectors identified in the Company’s value chain are as follows:



The Iberdrola Group's value chain extends beyond its own operations and includes direct and indirect suppliers in all phases of the life cycle of its activities, as well as its business partners.

Since the Group is present across the entire electricity value chain, from generation to the marketing of products and services to customers, there are no activities or agents downstream of the activities of the Company and its subsidiaries in the value chain.

Entity-specific indicators

Installed capacity, output, networks and users

At year-end 2024, the Iberdrola group had 56,668 MW of total installed capacity, of which 44,478 MW is renewable.

Installed capacity by energy source (MW)

Energy source	Spain		United Kingdom		United States		Brazil		Mexico				IEI		Iberdrola total	
	2024	2023	2024	2023	2024	2023	2024	2023	Own		Third-party		2024	2023	2024	2023
									2024	2023	2024	2023				
Renewables	22,582	21,589	2,996	3,002	9,703	8,833	3,862	3,862	1,232	1,232	0	103	4,102	3,566	44,478	42,187
<i>Onshore wind</i>	6,550	6,550	1,968	1,971	8,045	8,045	1,554	1,554	590	590	0	103	2,041	2,072	20,747	20,883
<i>Offshore wind</i>	0	0	908	908	143	39	0	0	0	0	0	0	1,322	846	2,373	1,793
<i>Hydroelectric</i>	10,823	10,826	0	0	118	118	2,159	2,159	0	0	0	0	0	0	13,100	13,103
<i>Mini-hydro</i>	234	244	0	0	0	0	0	0	0	0	0	0	0	0	234	244
<i>Solar and others</i>	4,976	3,970	120	123	1,397	631	149	149	643	642	0	0	740	648	8,025	6,164
Nuclear	3,177	3,177	0	0	0	0	0	0	0	0	0	0	0	0	3,177	3,177
Combined cycle	5,695	5,695	0	0	204	204	550	533	1,166	2,617	0	7,043	243	243	7,858	16,334
Cogeneration	318	347	0	0	636	636	0	0	202	202	0	0	0	0	1,156	1,185
Coal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Grupo	31,772	30,807	2,996	3,002	10,543	9,673	4,412	4,395	2,600	4,051	0	7,146	4,345	3,809	56,668	62,883

84% Of total own installed capacity is associated with emission-free technologies.

Net electricity output by energy source (GWh)

Energy source	Spain		United Kingdom		United States		Brazil		Mexico				IEI		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	Own		Third-party		2024	2023	2024	2023
									2024	2023	2024	2023				
Renewables	33,363	29,462	7,279	7,459	20,897	20,176	11,137	13,568	2,703	2,633	44	210	7,916	6,041	83,338	79,549
<i>Onshore wind</i>	9,626	10,726	4,082	3,609	19,294	19,019	5,339	4,976	1,579	1,394	44	210	4,611	4,366	44,575	44,301
<i>Offshore wind</i>	0	0	3,190	3,844	39	0	0	0	0	0	0	0	2,593	1,229	5,822	5,073
<i>Hydroelectric</i>	20,159	15,460	0	0	211	245	5,551	8,350	0	0	0	0	0	0	25,920	24,055
<i>Mini-hydro</i>	429	402	0	0	0	0	0	0	0	0	0	0	0	0	429	402
<i>Solar and others</i>	3,150	2,873	8	5	1,352	912	247	243	1,124	1,239	0	0	711	446	6,592	5,718
Nuclear	22,589	23,784	0	0	0	0	0	0	0	0	0	0	0	0	22,589	23,784
Combined cycle	4,449	6,452	0	0	5	6	87	85	8,890	12,836	6,111	39,721	121	60	19,663	59,161
Cogeneration	1,638	1,565	0	0	3,884	3,144	0	0	1,388	1,397	0	0	0	0	6,910	6,105
Coal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Grupo	62,039	61,263	7,279	7,459	24,785	23,326	11,224	13,653	12,980	16,866	6,155	39,931	8,036	6,102	132,499	168,599

Approximately 84% of own production is associated with emission-free technologies.

Electricity users (Millions)⁴

Type of user	2024	2023
Residential	27.6	27.4
Industrial	0.3	0.3
Commercial	3.2	3.3
Institutional	0.3	0.3
Other	0.5	0.5
Total users	31.9	31.9
Users that are producers of electricity	1.5	1.0

⁴ User information reported for Spain, the United Kingdom, Mexico and Rest of Europe are provided by the Wholesale and Retail Business, as they correspond to liberalised markets. For the United States are provided by the Networks Business as they correspond to regulated markets. For Brazil the data is provided by both Businesses as it operates in both regulated and deregulated markets.

Total electricity supplied (MWh)

Electricity supplied	2024	2023
Retail customers	210,625,748	212,190,633
<i>Residential customers</i>	73,219,563	93,413,906
<i>Commercial customers</i>	40,968,985	42,677,687
<i>Industrial customers</i>	82,145,490	79,816,020
<i>Other retail customers</i>	14,291,710	13,725,839
Wholesale customers	9,007,880	43,529,547
Total Group	219,633,628	255,720,180

Power lines (Km)⁵

Country	Power lines	Transmission 2024	Transmission 2023	Distribution 2024	Distribution 2023
Spain	Overhead	0	0	156,578	156,790
	Underground	0	0	110,334	108,547
	Undersea	0	0	0	0
	Total	0	0	266,913	265,337
United Kingdom	Overhead	3,602	3,766	38,145	38,227
	Underground	604	572	69,276	68,699
	Undersea	196 ⁶	203	0	0
	Total	4,402	4,541	107,420	106,926
United States	Overhead	13,373	13,422	140,503	138,971
	Underground	609	605	19,435	18,915
	Undersea	0	0	0	0
	Total	13,982	14,027	159,938	157,885
Brazil	Overhead	3,287	2,438	735,808	722,360
	Underground	0	0	3,015	3,004
	Undersea	0	0	0	0
	Total	3,287	2,438	738,824	725,364
Total Group	Overhead	20,262	19,626	1,071,034	1,056,349
	Underground	1,213	1,177	202,060	199,164
	Undersea	196	203	0	0
	Total	21,671	21,007	1,273,094	1,255,513

The Group supplies electricity through its nearly 1.3 million km of transmission and distribution lines throughout the countries where it has a presence and is authorised to carry out these activities, in accordance with the regulations in force in each country.

⁵ Due to the nature of the electricity systems in each country, the voltage levels used to classify lines as transmission or distribution differ. Furthermore, since 2023, the information on underground lines is disaggregated, including a new exclusive section on undersea lines.

⁶ The 2023 figure is from the initial project dossiers and the 2024 figure is the final figure.

Economic/financial impact

Financial assistance received by the Iberdrola group is shown in the following table on a consolidated basis:

Financial assistance (millions of euros)

Financial assistance	2024	2023
Capital subsidies	87	9
Operating subsidies	4	5
Investment tax credits ⁷	126	0
Production tax credits ⁸	248	234
Assistance for other items included in the GRI Protocol	0	0
Total Group	465	248

■ Disclosure Requirement [SBM-2]: Interests and views of stakeholders

Stakeholder engagement

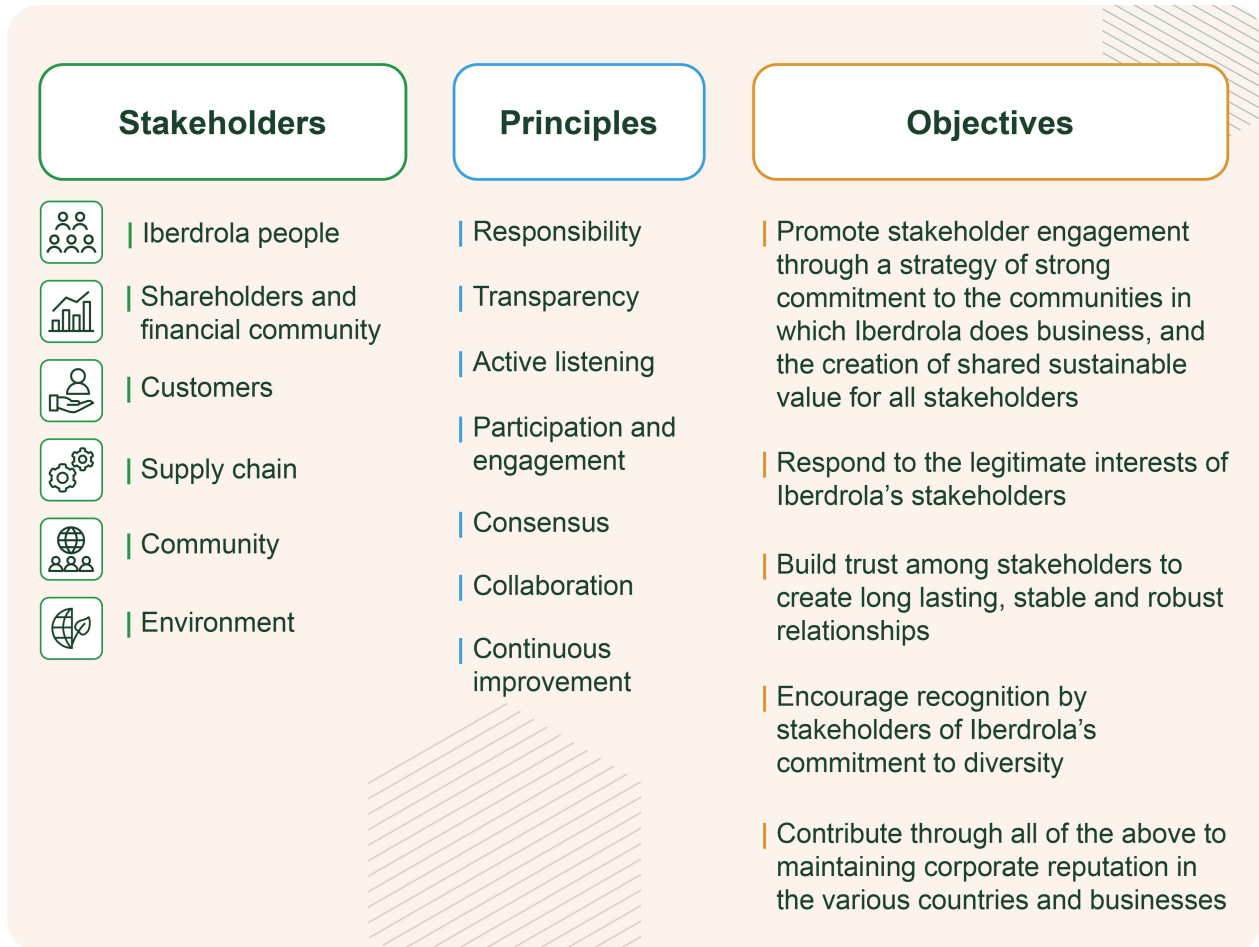
The Company has a responsible, sustainable and resilient business model that puts Stakeholders at the centre of its decisions.

Through the [Purpose and Values of the Iberdrola Group](#) and the various corporate policies, the Company expresses its commitment to the sustainable creation of value for the Stakeholders related to its business activities and its institutional reality, in accordance with the [Governance and Sustainability System](#).

In this regard, the [Stakeholder Engagement Policy](#) further develops this business philosophy and establishes five objectives and seven principles of conduct aimed at engaging and establishing relationships of trust with Stakeholders.

⁷ Investment tax credits.

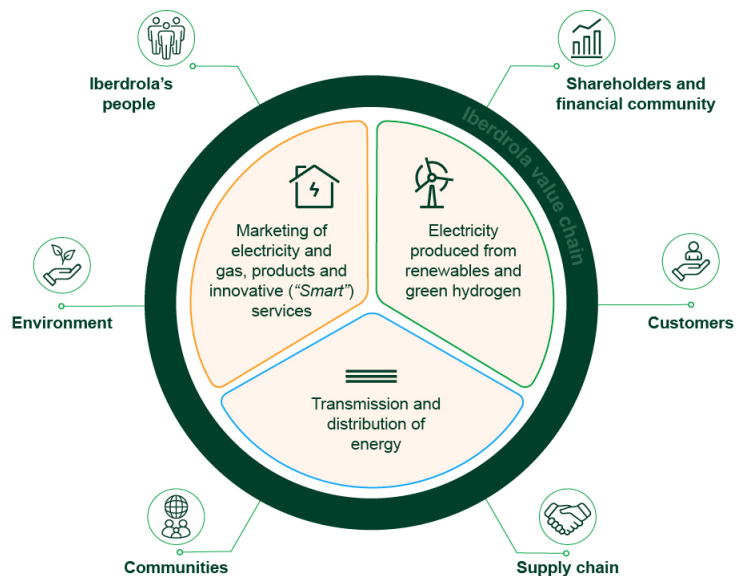
⁸ Production tax credits.



The Group's Stakeholders are grouped into six categories:

- Iberdrola's people
- Shareholders and financial community
- Customers
- Communities
- Supply chain
- Environment

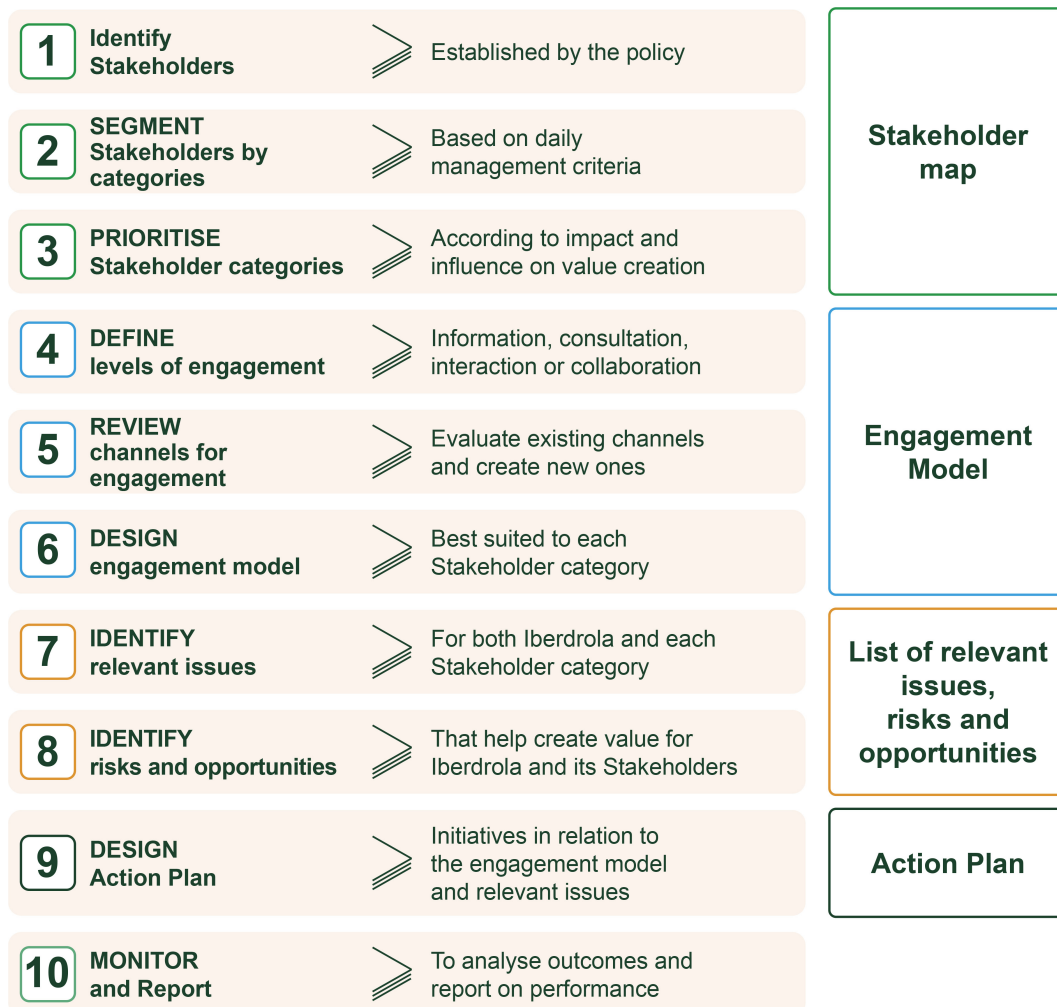
These categories are in turn subdivided into further categories (Stakeholder subgroups) made up of different groups and entities, which makes it possible to adapt the management of relations to their different realities, needs and expectations.



In order to meet and respond to the needs and expectations of stakeholders, the Company has developed its **Global Stakeholder Engagement Model**, which aims, among other things, to systematise Stakeholder relations throughout the Iberdrola Group, in all countries and businesses, and to create a corporate culture that reflects the importance of dialogue and engagement with Stakeholders. The Model is a key tool for integrating stakeholder interests and opinions into the strategy and business model.

The Company has decisively driven compliance with its *Stakeholder Engagement Policy* through a Global Stakeholder Engagement Model based on the *AA1000 Stakeholder Engagement Standard 2015 (AA1000SES 2015)*, the *AA1000 AccountAbility Principles 2018 (AA1000AP 2018)* standard, and in its four principles of inclusiveness, materiality, responsiveness and impact.

The Model is divided into 10 phases and focused on a process of continuous improvement:









This model is implemented in the management of six categories of Stakeholders in the five main countries and at most of the Generation and Sustainable Energy facilities, as well as in the various geographical areas of the Networks business.

This Model aims for all areas and companies and businesses of the Group to have an in-depth understanding of their Stakeholders; have suitable channels for communicating with them; analyse their expectations, and establish appropriate action plans to minimise and mitigate those potentially negative impacts while maximising the potentially positive ones. It also documents the risks and opportunities that are detected.

It should be noted that the Model addresses the concept of impact from three different standpoints: the impact of reputational risks on Iberdrola and the companies of the Group; the impact of the action plans on Stakeholders; and the potential negative and positive impact of significant events on Stakeholders. The latter aspect was added to the Model, taking into account the latest trends and reporting standards.

The Group keeps the engagement channels with its Stakeholders updated and makes continuous efforts to identify the issues that are most important to each of them. Set out below is a summary of the most important Stakeholder engagement channels, both face-to-face and online, and the main global issues detected, both generally among all Stakeholders and specific to each Group.

Significant overarching channels and issues for all Stakeholders

	General channels	Usage frequency	Significant overarching issues
	Telephone, email, website and intranet	Constant	Ethics, integrity and transparency (accountability to stakeholders and society)
	Meeting and interviews	Periodic	Climate emergency, energy transition and industrial alliances
			Innovation, artificial intelligence, digitalisation and cybersecurity
			Electricity prices
			Vulnerable customers and universal access to energy
			Strategy, investment plans, financial perspectives and regulatory changes
			Respect for human rights, local communities and fair transition
			Sustainability performance
			Action for biodiversity and nature

Understanding the interests and views of stakeholders

The Stakeholder Engagement Model aims to identify relevant issues and integrate them into the strategy and business model.

- Identification of risks and opportunities. Through active listening and ongoing dialogue processes, the Iberdrola Group is aware of the issues that matter to its Stakeholders, as well as the risks and opportunities associated with them, which influences decisions and actions, which are aimed at creating value. This identification of risks and opportunities is one of the sources for the identification and assessment of impacts, risks and opportunities described in the *section IRO-1 disclosure requirement of chapter ESRS 2*.
- Action plans from two viewpoints: (i) The first is the continuous improvement of the Engagement Model, starting with the provision and use of appropriate Stakeholder communication channels for early identification and management of relevant issues. (ii) The second is to define and design action plans and set specific targets to monitor the effectiveness of these actions on sustainability issues.

Information to the administrative, management and supervisory bodies

In order to implement the Global Engagement Model, there is a network of responsible persons at each of the country subholding companies, whose function is to properly extend and apply it. In addition, the Sustainable Development and Reputation Committees, if any, that may be created at each of the country subholding companies (or committees that assume the duties thereof) shall report to the Company's Corporate Sustainable Development and Reputation Committee (or committee that assumes the duties thereof) on the results achieved.

The Board of Directors is ultimately responsible for approving the *Stakeholder Engagement Policy* and for overseeing the implementation of the Policy. The Sustainability Officer appears frequently before the Board's Sustainable Development Committee.

The Company's response to all material issues is published in various annual reports and through other public channels, such as the website of [Iberdrola](#) and of the companies of the Group. In addition, at a specific and internal level, it prepares the *Management Report on Iberdrola's engagement with stakeholders*, which covers the whole Group, and which summarises the main issues of interest identified and the pertinent action plans. Various initiatives have been launched to consolidate the internal culture regarding the importance of *stakeholder engagement* throughout the Group. One of these is the global working group called the *Iberdrola Stakeholders' Hub*, which includes representatives of all the Group's Stakeholders and businesses. This *Hub* meets regularly and is occasionally joined by external experts in the field.

Just transition and human rights

The transition to a low-emission production model is accompanied by a package of policies and measures in different jurisdictions, and particularly in Europe. These aim for an equitable and socially just transition that generates prosperity for society as a whole, adequately protecting workers and generating quality jobs.

Industrial sectors in general are not without their human rights challenges. Inadequate planning processes can have a range of impacts, both on the labour rights of employees and workers in the value chain, and on the livelihoods and subsistence, environmental or property rights of the local communities they host, whether through the closure of facilities or the development of new projects. These impacts can be particularly severe where these groups have specific vulnerabilities, such as indigenous or vulnerable communities.

Iberdrola promotes an orderly, just and inclusive transition through economic and industrial development of the communities where the Group does business, and its due diligence processes. It also contributes to universal access to cost-effective and competitive energy. The principles are described in the [Governance and Sustainability System](#), in the [By-Laws](#), Article 7.2 of which states: “The Company recognises and seeks to obtain a social dividend consisting of the direct, indirect or induced contribution of value of its activities for all Stakeholders”. This principle is further developed by the [General Sustainable Development Policy](#), the [Stakeholder Engagement Policy](#) and the [Policy on Respect for Human Rights](#).

To this end, the Company deploys resources, tools and projects that seek to maximise the social and economic opportunities of climate action, while managing the potential impacts on its own employees, workers in the value chain, communities and customers. Engaging stakeholders and maintaining an active dialogue with each stakeholder is key to ensuring respect for human rights in the context of a just transition.

- **Disclosure Requirement [SBM-3]: Material impacts, risks and opportunities and their interaction with strategy and business model**

Throughout the various topical standards of this report, the material impacts, risks and opportunities and their interaction with the strategy and business model are detailed through policies, practices, targets and metrics.

As a result of the dual materiality assessment described in the section [SBM-3 disclosure requirement of chapter ESRS 2](#), the topics and subtopics of materiality to the Company are highlighted below:

Chapter	ESRS	TOPIC	SUB-TOPIC
Environment	E1	Climate change	Climate change adaptation
	E1	Climate change	Climate change mitigation
	E1	Climate change	Energy
	E2	Pollution	Pollution of air
	E2	Pollution	Pollution of water
	E2	Pollution	Pollution of soil
	E2	Pollution	Pollution of living organisms and food resources
	E2	Pollution	Substances of concern
	E2	Pollution	Substances of Very High Concern
	E2	Pollution	Microplastics
	E3	Water and marine resources	Water
	E3	Water and marine resources	Marine resources
	E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss
	E4	Biodiversidad y ecosistemas	Impacts on the condition of species
	E4	Biodiversidad y ecosistemas	Impacts on the extent and condition of ecosystems
	E4	Biodiversidad y ecosistemas	Impacts and dependencies on ecosystem services
	E5	Circular economy	Resources inflows, including resource use
	E5	Circular economy	Resource outflows related to products and services
	E5	Circular economy	Waste
	Social	S1	Own workforce
S1		Own workforce	Equal treatment and opportunities for all
S1		Own workforce	Other work-related rights
S3		Affected communities	Communities' economic, social and cultural rights
S3		Affected communities	Communities' civil and political rights
S3		Affected communities	Rights of indigenous peoples
S4		Consumers and end-users	Information-related impacts for consumers and/or end-users
S4		Consumers and end-users	Personal safety of consumers and/or end-users
S4		Consumers and end-users	Social inclusion of consumers and/or end-users
Governance	G1	Business conduct	Corporate culture
	G1	Business conduct	Corruption and bribery
	G1	Business conduct	Management of relationships with suppliers including payment practices
	G1	Business conduct	Political engagement and lobbying activities
	G1	Business conduct	Protection of whistle-blowers
	G1	Business conduct	Animal welfare

Identification of impacts, risks and opportunities in the value chain

An identification of impacts that could potentially be associated with value chain activities was made based on the sectoral description of the value chain already presented in SBM-1.

The same process has been used to identify these impacts as was used to identify impacts on our own operations, based on the same sources of information, both external and internal. It should be noted that this list of potential impacts is based on an understanding of the industries involved in the value chain, but generally does not take into account specificities related to particular countries, regions or companies.

The list of potential impacts identified is presented in relation to the different stages of the value chain where each impact could occur. They are as follows:

- Impact on water consumption: at the extraction, processing, and manufacturing stages.
- Impacts of emissions, pollution and the circular economy, at all stages of the value chain.
- Ecosystem impacts from extraction and construction.
- Impacts on communities from extraction and construction.
- Impacts on employees: at all stages of the value chain.

In the double materiality exercise, a number of risks and opportunities have been identified for which an initial estimate of their financial impact on the company has been made.

After assessing these risks and opportunities and considering the time horizons established, the company does not consider that the risks and opportunities identified will have a material financial impact on the financial statements in the current reporting period.

Determination of the materiality of impacts, risks and opportunities in the value chain

Due to the lack of real and complete value chain information, it is currently not possible to determine the materiality of the impacts listed above, as this would require knowing:

- The entire value chain inventory from agent to agent, from company to company, right down to the last link upstream of own activities.
- The representativeness of the Group's purchases in the activities of its suppliers and global value chains.
- The geographical location of its supplies from the place of origin.
- The business relationships of its partners, with other actors in their own value chains.

Notwithstanding the foregoing, the Company believes that all material impacts that have been identified in the past are being actively managed:

- Positive and negative impacts related to emissions from supplier activities (Scope 3 in TIER 1).
- Health and safety impacts affecting workers in the value chain (Occupational injury in TIER 1).
- Impacts related to forced labour among value chain workers (Potential forced labour in the Xinjiang region).

Reporting of disclosure requirements associated with material impacts, risks and opportunities in the value chain

In summary, and in light of what has been explained in this chapter, the Company does not currently have sufficient information about its value chain to determine the relative importance of the impacts, risks and opportunities associated with these activities, and therefore it is not possible to use this criterion in determining the applicable disclosure requirements.

In any case, the Group has due diligence processes in place that include, on the one hand, the monitoring of external information sources that warn of possible negative impacts arising from the activities of its value chain and, on the other hand, the prevention or, if necessary, mitigation of such impacts. To this end, efforts are being made to strengthen collaboration with suppliers and to assist them in improving their overall sustainability performance.

Finally, the policies, measures, metrics and targets that the Company has implemented to manage the impacts, risks and opportunities are detailed in the corresponding standards.

4. Impact, risk and opportunity management

4.1. Disclosures on the materiality assessment process

■ Disclosure Requirement [IRO-1]: Description of the processes to identify and assess material impacts, risks and opportunities

In the preparation of Iberdrola's SNFI-SR in accordance with the requirements of the European Sustainability Reporting Standards (ESRS), the Double Materiality Assessment (DMA) is the process through which an organisation identifies material information related to the impacts, risks and opportunities (IROs) associated with sustainability issues.

Double materiality has two dimensions: materiality in terms of impact, which takes into account how the company's activities have an impact on the environment and society, and financial materiality, which takes into account how sustainability-related risks and opportunities affect the Company's financial results.

A sustainability issue meets the criterion of double materiality if it is material from an impact perspective, a financial perspective, or both.

The Double Materiality Assessment has been implemented through the following phases:

1. Phase 1: Understanding the context of the company, its sector and its key Stakeholders.
2. Phase 2: Identification of impacts, risks and opportunities.
3. Phase 3: Assessment of impacts, risks and opportunities.
4. Phase 4: Results of the Double Materiality Assessment.

Phases 2, 3 and 4 of the double materiality assessment are separately implemented in this report for impact materiality and for financial materiality, due to the methodological differences and results obtained in each case.

The process of double materiality analysis has been led by the Sustainability Division to conduct an exhaustive double materiality assessment and ensure the integration of the results of the process into the sustainability report, facilitating coordination between all key areas.

The tasks of identifying and evaluating impacts, risks and opportunities were carried out with the participation of all the Iberdrola Group's corporate areas, businesses and country subholding companies. Participants were selected on the basis of their professional experience and their connection with the various sustainability topics under consideration.

Ongoing human rights due diligence process

Before describing the double materiality assessment process, it is necessary to explain how the Company integrates human rights due diligence aspects into the assessment.

Human rights due diligence is an ongoing process aimed at identifying and managing the impacts, risks and opportunities associated with the implementation of its operations at all stages (design, construction, operation, maintenance and decommissioning of facilities in the electricity and energy sector), taking into account the geographical and social context and the characteristics of its chain of activities.

As a result of having adopted a broad definition of human rights, which implies a great heterogeneity of issues and potential impacts, the Group's human rights due diligence process is supported by various sub-processes and their procedures (e.g. Compliance, Health and Safety, Environment, Procurement, Cybersecurity, among others). Each area is responsible for the aspects related to its area of specialisation, facilitating management that is autonomous and efficient but with an integrated and transversal vision of human rights-related issues.

Identification of impacts is reviewed annually in line with the recommendations of the United Nations Guiding Principles (UNGPs) to prepare the Human Rights Risk Map. This map covers the countries in which the Group operates, supplies goods and services, fuels and minerals that may be included in the equipment it purchases. It is also used as an internal source for impact identification, described in Phase 2 of the Double Materiality Assessment.

The assessment process is structured in four phases:

Phase 1: Understanding the context of the company, its sector and its key Stakeholders

The aim of this phase is to produce a detailed description of the business model and context, including key Stakeholders. The main aspects of this description are:

- The Group's business activities, sectors of activity and markets, geographic presence, and business relationships.
- Understanding of Stakeholders.
- Other contextual information: applicable regulations, sustainability frameworks, sustainability initiatives.

Impact materiality

Phase 2: Identifying impacts.

The purpose of this phase is to identify the impacts (negative or positive, actual or potential) on society or the environment related to sustainability issues in the short, medium and long term, associated with the Group's business activities.

These impacts have been identified based on the range of sustainability issues and sub-issues defined by [section AR-6 of ESRS 1](#).

An initial inventory of impacts is prepared considering:

Internal sources:

- Internal documentation described in Phase 1 on understanding the context.
- Result of Iberdrola's enterprise risk management (ERM) system.
- Results of implementation of the Stakeholder Engagement Model
- [Human Rights Report](#).
- Human Rights Risk Map.
- Sector-specific information.

External sources:

- SASB Materiality Map.
- UNEP Corporate Impact Analysis Tool.
- Reports from multinational organisations such as the UN, the World Economic Forum and the International Energy Agency, regional or national environmental or energy agencies, the European Union or the United States Environmental Protection Agency.
- Academic research and case studies, such as research by Stanford or the National Renewable Energy Laboratory (NREL).

In the case of impacts related to the value chain, an identification of impacts that could potentially be associated with value chain activities was made based on the sectoral description of the value chain already presented; see [section SBM-1 of chapter ESRS 2](#).

Phase 3: Assessing the materiality of impacts.

In addition to the corporate areas, businesses and country subholding companies of the Iberdrola Group, identified impacts have been assessed by the affected stakeholders in order to contrast and complement the conclusions reached.

These are assessed as follows, according to whether they are positive or negative and actual or potential:

- Current positive impact = Scale + Scope
- Potential positive impact = (Scale + Scope) x Probability
- Current negative impact = Scale + Scope + Irremediable character
- Potential negative impact = (Scale + Scope + Irremediable character) x Probability

The variables that make up severity are described as follows:

- Scale: How serious the negative impact is or how beneficial the positive impact is for society or the environment.
- Scope: How widespread the impacts are.
- Irremediable character: Whether and to what extent the negative impacts could be remedied, i.e. restoring the environment or society to their prior state.

Probability, on the other hand, measures the likelihood of an impact materialising.

In the case of negative impacts related to human rights, it has been guaranteed that severity prevails over probability.

The severity characteristics are interdependent, i.e. being irremediable could affect severity by increasing its scale or scope. Therefore, if two of the three severity characteristics have a maximum score, severity will be considered maximum.

Impact materiality thresholds

Based on the scores given to each of the severity and probability variables, the final score for each impact is obtained, which has been classified into ranges, as shown below:

Ranges of actual impact results according to our methodology (based on scales from 0 to 3; maximum score 9)	Level
≥ 7,5	Critical
[6, 7,5)	Significant
[5 – 6)	Important
[3 – 5)	Informative
<3	Minimal

In this context, it was determined that if the outcome of the consolidation of the assessment was Critical, Significant or Major, the impact would be deemed material.

Phase 4: Impact materiality results

Impacts related to each material topic can be found in their thematic chapters.

Financial materiality

Phase 2: Identification of risks and opportunities

The objective of this phase is to identify the risks and opportunities (ROs) related to short-, medium- and long-term sustainability issues associated with Iberdrola's business activities, as proposed in the list of topics and subtopics established by AR 16 ESRS 1.

The process started with a preliminary approach to the identification of risks and opportunities related to the identified impacts and dependencies, establishing a time horizon according to those defined in the Enterprise Risk Management System.

This work was complemented by an analysis of additional sources, such as:

- Iberdrola risk map.
- IFRS guidelines that provide guidance for the preparation of climate-related disclosures.
- World Business Council for Sustainable Development (WBCSD).
- Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE).
- Principles for Responsible Investment (PRI): which facilitated the identification of risks and opportunities arising from Iberdrola's dependencies.

Phase 3: Evaluation of risks and opportunities

The initial Risk inventory is filtered, applying the following criteria:

- Risks with no or immaterial financial effect are discarded
- Potential Risks with a very low likelihood of occurrence are discarded.
- ROs associated with regulated activities, under sound and mature regulatory mechanisms, with no foreseeable financial gains/losses in terms of sustainability performance, are also discarded.

The result is an inventory of inherent risks. The inventory of inherent risks and the initial estimate of their financial impact were assessed by the *Chief Risk Officers (CROs)* of the various country subholding companies.

Phase 4: Financial materiality results

As a result of all the above, the final inventory of inherent risks includes those of the highest significance, i.e.:

- Supply quality penalties.
- Compensation for damage to ecosystems due to fires in the operation of facilities.
- Fines relating to leaks of private or sensitive data.
- Corruption involving the workforce or partners/intermediaries.
- Fines for accidents involving people due to electrocution or accidents involving distribution networks.
- Fines due to mortality of birds and other fauna owing to electrocution and collisions in power grids and wind turbines.

The Company then reviewed the measures taken to mitigate these risks, as well as the financial impact in last year's financial statements, and concluded that the amounts associated with these six potential inherent risks are immaterial for Iberdrola, and therefore no financially material risks are anticipated.

All the opportunities identified in the assessment are related to climate change and are linked to the activities of interest to the Iberdrola Group. These opportunities are detailed in topical standard E1, as with the risks associated with climate change.

Conclusions on the materiality of each subtopic

To reach a conclusion on the materiality of subtopics based on impact, risk and opportunity materiality, each subtopic will be assigned the highest score from among its associated impacts. This is equivalent to defining a subtopic as material on the basis of a single material IRO.

This assessment system ensures that the score assigned to a subtopic is lowered if it is composed of multiple, minor impacts, risks and opportunities. This allows for a standardised and predictable assessment of both impacts, risks and opportunities as well as subtopics within the sustainability framework.

The outcome of the material subtopics has been reported above in *section [SBM-3](#) of chapter ESRS 2*.

- **Disclosure Requirement [IRO-2]: Disclosure requirements in ESRS covered by the undertaking's sustainability statement**

The information is broken down at the end of the document in the ESRS Disclosure Requirement *[IRO-2 section](#)*.

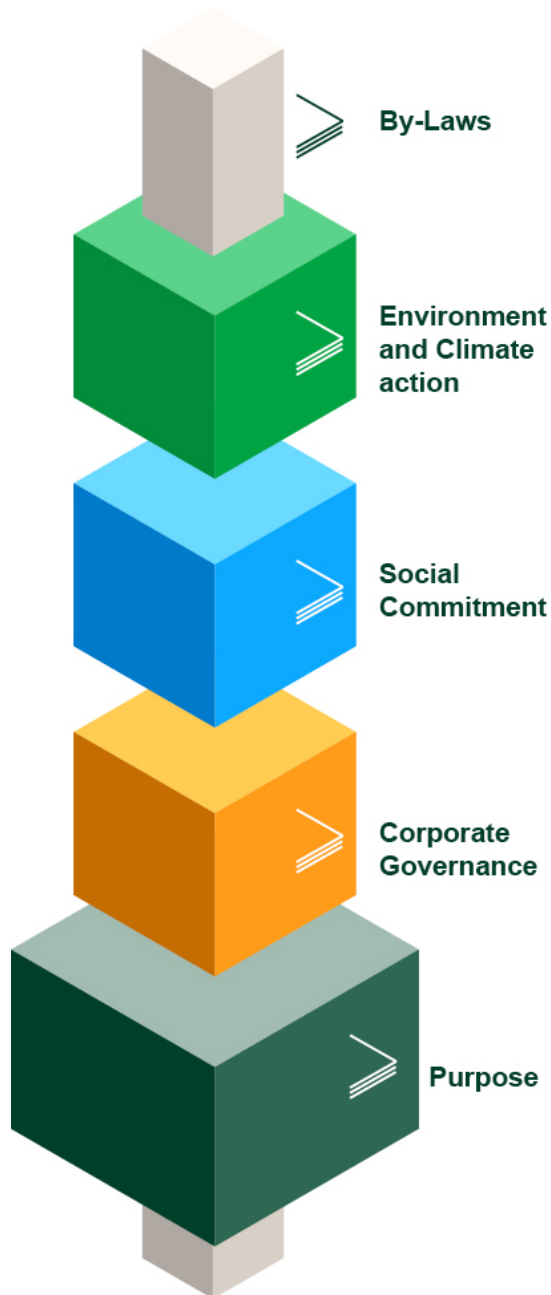
4.2. Minimum disclosure requirements of policies and actions

- **Disclosure Requirement [MDR-P]: Policies adopted to manage material sustainability matters**

The *Governance and Sustainability System* has been built, reflexively and progressively. Although initially conceived as a corporate governance system, it has evolved, anticipating and adapting to regulatory, social and market developments. As a consequence of this transformation, it is now rooted in the Company's genuine commitment to sustainability, allowing it to maintain its leading position as a driving force.

Structure of the governance and sustainability system

The Governance and Sustainability System is the Company's **internal system of rules**. It configures Iberdrola as an **comprehensive company** that enriches its purely corporate dimension with plural (economic, social, environmental and governance) business activities. Always at the forefront of international best practices, it is structured in **five books**:



The core of the internal system of rules, they make up the **backbone** of the Governance and Sustainability System. Based on the **Purpose and Values**, they lay out the guidelines that define the **identity** and unique aspects of the Company and its business enterprise.

The policies that make up this book are Iberdrola's response to sustainable management, the challenges of **climate action**, the preservation of the **environment** and the loss of **biodiversity**, while helping to identify and take advantage of the opportunities arising from the **energy and ecological transition**.

The policies that make up this book reflect the Company's commitment to addressing the challenges relating to **human rights**, to recognising and valuing the importance of **human and personal capital**, and to **promoting diversity, inclusion, equal opportunity and non-discrimination**.

The policies and rules of this book include the best good governance practices, which are reflected in the **guidelines and standards for conduct of the corporate bodies**, establishing the operation thereof and complying with legal requirements and the highest standards in this field.

This is the **basis** on which the Governance and Sustainability System is built and established. The rules and policies that make up this book embody the Company's **corporate philosophy** and the ideological and axiological bases on which its corporate enterprise is based.

This system, which complies with current legislation and is fully in line with the recommendations for good governance generally accepted in the national and international market, is the internal organisation of the Company and is designed to ensure the achievement of the corporate object and the realisation of the company's interest and social dividend. The policies and principles that comprise it are aimed at the optimal management of impacts, risks and opportunities in a responsible and sustainable manner. It is structured around five books:

- The *By-Laws*, the first book, are at the core of the internal regulations and make up the backbone of the *Governance and Sustainability System*. Based on the *Purpose and Values*, they constitute the guidelines that define the identity and uniqueness of the Company and its business enterprise.
- The second book, referring to the purpose, includes the *Purpose and Values of the Iberdrola Group*, the *Code of Ethics* and the *General Sustainable Development Policy*. This is the foundation on which the *Governance and Sustainability System* is built and based. The rules and policies that make up this book comprise the Company's corporate ideology and the ideological and axiological basis on which its business enterprise is based.
- The third book, on the environment and climate action, groups together the environmental policies. The policies that make up this book are the response to sustainable management, environmental challenges, preservation of the environment and the loss of biodiversity, while helping to identify and take advantage of the opportunities arising from the energy and ecological transition.
- The fourth book, which includes the social policies, refers to social commitment. These policies reflect the Company's intention to meet the challenges related to human rights, to recognise and value the importance of human capital and personnel, and to foster equal opportunity and non-discrimination; and
- The fifth book, on corporate governance, contains the policies on corporate governance and regulatory compliance, the sustainable value chain, risk policies and rules for the governance of corporate decision-making bodies and other internal functions and committees, and market abuse prevention rules. The policies and rules in this book incorporate best practices in good governance, which are reflected in the conduct guidelines and standards for the corporate decision-making bodies, establishing their operation and complying with legal requirements and the highest standards in the area.

In particular, the sustainable value chain policies reflect Iberdrola's drive to work to implement and promote a sustainable, transparent and ethical value chain within the framework of a culture of excellence in aspects such as purchasing, operational resilience, reputation and corporate security, the responsible use of artificial intelligence, innovation, quality and digital technology, as the main tools for driving sustainability, efficiency and competitiveness. They are thus the fundamental pillars for the value chain to continue to generate long-term competitive advantages that lead to a greater contribution to society and to the shareholders and other Stakeholder. These policies establish rules and further develop instruments that enable the Company and the other companies of the Group to continue to be leaders in innovation and transformation within the energy sector, as well as to strengthen their competitiveness through efficiency and reinforce their sustainable growth model.

Although all the policies developed in this respect are detailed throughout each topical ESRS in this report, the Company's policies on sustainability issues are listed below.

Book	Policies	
Book One on the By-Laws	<i>By-Laws</i>	
Book Two on the Purpose	<i>Purpose and Values of the Iberdrola Group</i>	
	<i>Code of Ethics</i>	
	<i>General Sustainable Development Policy</i>	
Book Three on the Environment and Climate Action	<i>Stakeholder Engagement Policy</i>	
	<i>Sustainable Management Policy</i>	
	<i>Environmental Policy</i>	
Book Four on Social Commitment	<i>Climate Action Policy</i>	
	<i>Biodiversity Policy</i>	
	<i>Policy on Respect for Human Rights</i>	
	<i>People Management Policy</i>	
Book Five on Corporate Governance	<i>Part I. Corporate Governance and Regulatory Compliance Policies</i>	<i>Equal Opportunity and Anti-Harassment Policy</i>
		<i>Selection and Hiring Policy</i>
		<i>Knowledge Management Policy</i>
		<i>Corporate Governance Policy</i>
		<i>Foundations for the Definition and Coordination of the Iberdrola Group</i>
		<i>Policy on Composition of the Board of Directors and Selection of its Members</i>
		<i>Director Remuneration Policy</i>
		<i>Senior Management Remuneration Policy</i>
		<i>Compliance and Internal Reporting and Whistleblower Protection System Policy</i>
	<i>Part II. Sustainable Value Chain Policies</i>	<i>Anti-Corruption and Anti-Fraud Policy</i>
		<i>Competition Compliance Policy</i>
		<i>Corporate Tax Policy</i>
		<i>Data Protection Policy</i>
		<i>Operational Resiliency Policy</i>
	<i>Part III. Internal Audit and Risk</i>	<i>Innovation Policy</i>
		<i>Quality Policy</i>
	<i>Part IV. Governance rules of the corporate decision-making bodies and of other functions and internal committees</i>	<i>Corporate Security Policy</i>
		<i>Purchasing Policy</i>
	<i>Part V. Market Abuse Prevention Rules</i>	<i>General Risk Control and Management Guidelines</i>
<i>Basic Internal Audit Regulations</i>		

Each topical standard develops in detail the description of the fundamental content of each applicable policy, which in any case considers the perspectives of the different Stakeholders in accordance with the provisions of the [Stakeholder Engagement Policy](#), with the aim of developing a strategy for a just transition of the energy model.

The aforementioned *Governance and Sustainability System*, which is approved by the Company, applies to the other companies of the Group to the extent that the various applicable policies and the successive amendments thereto are formally adopted by the country subholding companies and the head of business companies, or they approve their own policies with content consistent with that of the Company's policies. In addition, the Company has a Compliance System, the purpose of which is to ensure that the Company acts in accordance with ethical principles, the law and internal regulations, particularly the *Governance and Sustainability System*, to contribute to the full realisation of the *Purpose and Values of the Iberdrola Group* and of the corporate interest, and to prevent, manage and mitigate the risk of regulatory and ethical breaches that may be committed by the directors, professionals or suppliers thereof within the organisation.

The Company's *Governance and Sustainability System* is based on the *By-Laws*, rules approved by the shareholders at the General Shareholders' Meeting, which represent the highest expression of the Company's corporate autonomy and are the primary source of its internal regulations.

The Company ensures that its policies are accessible to all interested parties by publishing them on the Iberdrola website. In addition, the environmental policies are communicated to all suppliers as part of the product and service purchasing process and compliance is mandatory for all of them.

- **Disclosure Requirement [MDR-A]: Actions and resources in relation to material sustainability matters**

The Company has conducts through which it manages material sustainability issues. These conducts are detailed in each topical standard of this Report.

5. Metrics and targets

■ Disclosure Requirement [MDR-T]: Tracking effectiveness of policies and actions through targets

Iberdrola is an active participant in building a sustainable energy model and in creating sustainable value for its stakeholders. To this end, the Company has defined its sustainability roadmap through its Sustainability Targets, made up of measurable targets that incorporate performance parameters and short- and medium-term achievement projections for the Group and thus take into account the effectiveness of the actions established to respond to the main material sustainability issues identified in the impact, risk, and opportunity assessment explained above in requirement [section SBM-3 of chapter ESRS 2](#).

The sustainability targets, in turn, are broadly linked to the [Governance and Sustainability System](#) described in the disclosure requirement [section MDR-P of chapter ESRS 2](#), and the corporate policies that comprise it. They reinforce the Company's strategy and its commitment to sustainable development, the social dividend and the creation of shared value with all stakeholders, which are primarily embodied in the [Purpose and Values of the Iberdrola Group](#), as well as in the [General Sustainable Development Policy](#) and the [Stakeholder Engagement Policy](#).

During the year, the Company updated and published its Sustainability Targets. These are articulated around five pillars where environmental, social, governance and financial aspects converge, and seek to structure actions along the same lines as the [Governance and Sustainability System](#)

Five pillars that describe the sustainability roadmap

Pillar I

At the heart of the Iberdrola Group's business model, this pillar focuses on the promotion of renewable electricity as the best possible energy source. The cleanest, most self-sufficient, local and secure source available today, capable of providing long-term stability and competitiveness. Iberdrola is already creating a highly decarbonised business model and is driving innovation and digitalisation, all supported by its leadership in sustainable financing. In this way, the Company is setting specific targets related to its [Climate Action Policy](#), [Environmental Policy](#), [Sustainable Management Policy](#) and [Innovation Policy](#).

Pillar II

Relates to the protection of nature in the context of operations, integrating the conservation of biodiversity and the efficient use of resources into all activities and processes. In doing so, the Group reinforces its conduct on issues related to the [Environmental Policy](#), the [Sustainable Management Policy](#) and the [Biodiversity Policy](#).

Pillar III

The Company promotes a sustainable value chain by assisting its suppliers with improving their sustainability performance and by developing and marketing sustainable products and services to its customers. This pillar is linked to the provisions of the [Purchasing Policy](#), the [Innovation Policy](#) and the [Quality Policy](#); and indirectly to the [Environmental Policy](#), the [Sustainable Management Policy](#) and the [Climate Action Policy](#).

Pillar IV

Fosters the strengthening of human and social capital through its social dividend and community development. In this way, issues related to the [People Management Policy](#) and the [Equal Opportunity and Anti-Harassment Policy](#) are addressed.

Pillar V

A strong **culture of ethics, transparency and good governance**, supported by the Corporate Compliance System, the Stakeholder Engagement Model and the Human Rights Due Diligence processes. All of this is linked to issues covered by the [Policy on Respect for Human Rights](#), the [Stakeholder Engagement Policy](#), as well as the [Compliance Policy and the Internal Reporting and Whistleblower Protection System](#).

The Sustainability Targets have milestones values for 2025, 2026 and 2030. These milestones represent absolute or relative metrics, depending on the target, to provide clear, transparent and reliable data to understand the organisation's performance. The following criteria have been set:

- Absolute metrics: These metrics reflect results in aggregate and concrete values, providing an accurate picture of the scale and scope of the expected and/or achieved actions.
- Relative metrics: These metrics provide data according to ratios or comparisons that allow the results to be contextualised. They can be made with respect to total data, data for a base year, reductions, etc.

A planning process is in place to define, update and monitor sustainability targets on an annual basis, with the participation of the Group's divisions and companies. The Board of Directors and its supporting bodies (*see section GOV-1 of chapter ESRS 2*) oversee and approve them in the context of the long-term strategic perspectives. The sustainability goals are communicated to stakeholders via various digital channels and by means of this report, externally verified.

The Iberdrola Group has developed and put into practice a Stakeholder Engagement Model, the main objective of which is to listen to and respond to the legitimate needs and expectations of these groups. The Model aims to achieve effective and high quality *stakeholder engagement*, which involves greater involvement, trust, collaboration, alliance and co-creation with the six Stakeholder groups (Iberdrola Employees, Shareholders and the Financial Community, Customers, Supply Chain, Communities and the Environment). It is aligned with the Company's strategy and is based on the *Purpose and Values of the Iberdrola Group*, as well as the principles contained in the *Stakeholder Engagement Policy* and the *Policy on Respect for Human Rights*, among others. The Model is used as one of the sources of information for setting the Company's Targets, as it enables the identification and ongoing management of the expectations and interests of the stakeholders concerned.

The analysis of detailed information for each of the Sustainability Targets can be found below:

		2024	2025	2026	2030
Boosting electricity as a clean, autonomous, local, stable, safe and competitive source of energy					
Green electrification	Carbon Neutral in electricity generation in 2030 Specific emissions global mix (g CO ₂ /kWh)	65	60	55	Carbon Neutral ⁽¹⁾
	Net Zero in scopes 1, 2 and 3 before 2040	In progress		SBTi milestone fulfilled ⁽²⁾	
	NOx emissions kg / MWh	0.157	0.17	0.15	<0.10
	Storage capacity Cumulative installed storage capacity (GWh)	108.2	108	118	138
Innovation and Digitalization	Smart Grids % automation of high and medium voltage assets	81.4%	83%	85%	90%
	Investment in R&D Million euros (annual)	402.5	420	443	550
	Cybersecurity assessments Number of annual assessments or external verifications	3,224	2,000	2,000	2,000
Sustainable finance	CAPEX Aligned % of Taxonomy aligned CapEx ⁽³⁾	88%	~90%	~90%	~90%
	Sustainable financing % of total financing	94%	Min. 80% ⁽⁴⁾	Min. 80% ⁽⁵⁾	-
Working to ensure a sustainable value chain					
Sustainable Supply Chain	Purchases from sustainable suppliers % of total purchases	93%	>= 85%	>= 85%	>= 85%
	Percentage of sustainable suppliers % of main suppliers subject to sustainable development policies and standards	88%	> 85%	> 85%	> 85%
Customers	Quality of supply Reduce the Global SAIDI ⁽⁶⁾	-12,3%	-10%	-11%	-16%
	Smart solutions portfolio Million solutions	16	18	19	21
	Customer accessibility solutions ⁽⁷⁾ Number of solutions	50	62	63	63
	Digital customers % of total commercial customers	72%	75%	76%	80%
Protecting nature and fostering an efficient use of resources					
Efficient Use of Resources	Specific water consumption % reduction of water consumption Intensity ⁽⁸⁾	-12.5%	-32%	-36%	-63%

(1) <10 gCO₂/kWh

(2) Intermediate target as certified by SBTi (Science-based targets initiative).

(3) Organic capex; according to European Taxonomy Regulation.


















(4) Average ESG financing for 2023-25 period.

(5) Average ESG financing for 2023-26 period.

(6) Reduce the Global SAIDI vs 2019-21 period average.

(7) Including Neoenergi solutions from 2023 onwards.

(8) Reduction vs 2021.

			2024	2025	2026	2030
Biodiversity Preservation		Conservation, restoration and plantation of trees Number of trees (Million) & No Net Deforestation in 2025	5	8	10	20
		Net positive impact in 2030 % assets with biodiversity assessment and neutrality plan	11%	20%	25%	100% (Net positive)
Efficient Use of Resources		Blade and Solar Panel Recycling % of blades and panels recycled of total Blades and panels dismantled ⁽⁹⁾	98.4%	50%	50%	100%
Strengthening human and social capital						
Equal Opportunity		External EDGE plus certification ⁽¹⁰⁾ Attainment	In process	In process	√	-
Health and safety		Green mind Global deployment	Implementation	In process	Certification	-
		Occupational Safety TRIR (reduction) ⁽¹¹⁾	-19%	-10%	-13%	-21%
Employee upskilling		Wellbeing Program Program deployment	√	√	√	-
		Training in cybersecurity and protection of information Annual hours of training completed	96,417	63,000	64,480	68,000
Community development		Beneficiaries of the "Electricity for all" program Million beneficiaries (cumulative)	13.8	14	15	16
		Beneficiaries of the Foundations programs Million annual beneficiaries	6.1	8	8	10
		Corporate volunteering No of annual volunteers (thousands of employees and companions)	22.8	19	19.5	23
Keeping our culture of ethics, transparency and good governance						
Corporate Governance		Corporate Governance Maintain best practices	√	√	√	√
Composition of the Board of Directors		Percentage of independent directors Over 50%	√	√	√	√
		Multiple Composition of the Board of Directors Promote	√	√	√	√
Compliance		Compliance system Obtain/maintain (yearly)	√	√	√	√
Human Rights		Human Rights Due Diligence Continuous revision of the DD System	√	√	√	√
Stakeholder Engagement		Stakeholder Engagement Model % of facilities with the model implemented	80.1%	70%	75%	90%

(9) Includes blades and panels out of operation with a destination decision different from disposal.

(10) External Certification on Diversity and Inclusion, including generational diversity, disability inclusion, Race/Ethnic, Nationality and LGBTQ+ (EDGEplus Certification) by 2026.

(11) Reduction vs 2021.

- **Disclosure Requirement [MDR-M]: Metrics in relation to material sustainability matters.**

The Company has established specific metrics linked to material sustainability issues, which allows for tracking of the effectiveness of activities to manage such sustainability issues. These metrics are described in each topical standard of this Report.

II. Environmental disclosures

- ESRS E1 Climate change
- ESRS E2 Pollution
- ESRS E3 Water and marine resources
- ESRS E4 Biodiversity and ecosystems
- ESRS E5 Resource use and circular economy

[ESRS E1] Climate change

1. Governance

- **Disclosure Requirement [GOV-3]: Integration of sustainability-related performance in incentive schemes**

The remuneration structure for executive directors and the management team takes into account economic-financial, operational and sustainability aspects, in particular through a long-term share-based remuneration plan that projects an ambitious and challenging scenario for a Company that seeks to continue strengthening its leadership in the electricity sector in the energy transition and electrification of the economy. To this end, the shareholders acting at the General Shareholders' Meeting of 28 April 2023 approved the 2023-2025 Strategic Bonus, with a six-year term, structured in two phases: the performance assessment phase, which ends in the third year of the plan, and the settlement phase, which is carried out in instalments and deferred through the delivery of shares over the following three years.

Among the metrics included in the 2023-2025 Strategic Bonus is the reduction in the specific CO₂ emissions intensity of the Iberdrola Group. This parameter will be considered achieved if, taking into account a normal rainfall period, a level equal to or less than 70g CO₂/kWh is reached in 2025 in terms of the intensity of its own CO₂ emissions. This target represents a demanding reduction of 27% compared to the specific CO₂ emissions intensity of the Iberdrola Group in 2021, and an even greater reduction compared to the 200g CO₂/kWh of the average specific CO₂ emissions intensity in 2021 of all electricity companies included in the *Euro Stoxx Utilities Index*. This emissions reduction target, detailed in [E1-4 section](#), is in line with the Group's Scope 1 emissions intensity reduction target approved by the *SBTI (Science Based Targets Initiative)*, ensuring consistency with the 1.5°C objectives of the Paris Agreement.

This metric represents 10% of the long-term incentive, compliance with which will be assessed in 2026.

2. Strategy

■ Disclosure Requirement [E1-1]: Transition plan for climate change mitigation

Introduction to the Transition Plan

The Company firmly believes that the transition to a carbon-neutral economy by 2050 is technologically possible, economically viable and socially necessary. The energy transition to a low-carbon economy is a great opportunity to create autonomy, wealth and jobs, and to improve the state of the planet and human health. In the last two decades, Iberdrola has invested more than EUR 160,000 million in networks, renewable energy and storage. And it will continue with an ambitious investment plan focused on increasing its installed capacity in renewable energies: onshore and offshore wind, photovoltaics, batteries and hydropower, as well as electricity grids.

Iberdrola's Climate Action Plan, approved by the Board of Directors in December 2021, sets out a roadmap that aspires to achieve net zero CO₂ equivalent emissions by 2040. This *Climate Action Plan* also constitutes Company's transition plan and describes the levers and associated activities that contribute to electrification and emission reduction of the economy as a whole, as well as the values and tools on which its achievement is based and which respond to the vision of an energy model in harmony with nature and people.

Various levers have been used in the last few years, including the closure of all coal-fired diesel plants (17 plants with an aggregate installed capacity of 8.5 GW), the sale of the thermal generation business in the United Kingdom (ScottishPower) and the recent sale of the combined cycle plants in Mexico.

At the date of this report, the Company is still in the process of analysing the best combination of levers and associated actions to reduce emissions, and no specific decision has been made.

Transition plan objectives and actions

The aspiration to accelerate the electrification and reduction of emissions in the economy must begin by reducing the direct emissions of each economic agent as much and as quickly as possible. Iberdrola, in accordance with science, defends, promotes, and supports immediate action aligned with the Paris scenarios in the main climate forums, and in this context, Iberdrola has declared its aspiration to achieve neutrality in CO₂eq emissions for Scopes 1 and 2 by 2030. To this end, the Company plans to reduce its emissions intensity from electricity generation, in a normal rainfall period, to 60 g CO₂/kWh in 2025, 55 g CO₂/kWh in 2026 and to reach a figure of less than 10 g CO₂/kWh in 2030.

The Company's ultimate goal is to achieve *Net Zero* emissions by 2040. The *Science Based Target Initiative* (SBTi) has certified that this trajectory is consistent with the objectives of the Paris Agreement. Thus, the aspiration is that by 2040, absolute emissions from all its scopes would be reduced by 90% compared to 2020 and residual emissions would be neutralised in accordance with the highest quality standards. The Company would also bring forward by 10 years (from 2040 to 2030) the recommendations of the International Energy Agency to reduce emissions requested from the electricity sector (for Scopes 1 and 2) to limit global warming to 1.5°C, in line with the Paris Agreement.

For more details on the Company's reduction targets, see [section E1-4](#).

With a view to achieving this ambition of *Net Zero by 2040* and meeting its emission reduction targets, the Iberdrola Group relies on a number of levers including: investments in renewable generation; investments in smart grids and strategic storage; application of new technologies for carbon capture and sequestration; efficiency; participation in wholesale or bilateral renewable energy markets; neutralisation of emissions for those considered residual; supplier management; green solutions for customers; replacement of thermal generation with renewable generation; use of gas generation primarily as a power reserve in the context of providing security of supply services; and asset rotation.

The actions identified so far to achieve this objective, which are presented in more detail in [section E1-4](#), are mainly grouped into the following levers of conduct with an impact on the three emission scopes:

- a. 100% renewable: Iberdrola Group's investment plan for the 2024-2026 period does not contemplate any capital investment in new carbon-intensive assets, but instead invests in renewable generation, increases storage capacity and promotes new technologies (e.g. hybridisation, long-term storage, etc.). This lever mainly affects the reduction of specific Scope 1 emissions. Indirectly, there will also be a reduction in Scope 3 category 3 emissions. Similarly, the development of renewables would lead to an improvement in the specific emissions of the mix and therefore the associated Scope 2 emissions.
- b. 100% smart grids: operating a robust transmission and distribution grid as a key pillar of a decarbonised and electrified energy system, integrating rapidly growing renewable energy sources. By 2025, more than 83% of smart grids are expected to be in place. This infrastructure is fundamental for the integration of new renewable capacity into the electricity system and for absorbing the increase in demand from new applications: electric vehicles, heat pumps and data centres, etc. These actions will have an impact on reducing Scope 2 emissions, with an indirect impact on Scope 3.

- c. Green solutions for customers: contributing to the gradual electrification of energy demand, with actions such as the sale of renewable energy, promoting direct electrification solutions (such as heat pumps), green hydrogen and other derivatives, a sustainable mobility plan, key alliances in green technologies, etc. The main impact will be the reduction of Scope 3 emissions.
- d. Green purchases: through the acquisition of renewable energy for own consumption, on the one hand, and the establishment of alliances and partnership agreements with its supply chain to jointly reduce emissions and to speed up and facilitate the development of green products, on the other. The main impact will be the reduction in Scope 3 emissions.

Some specific actions include the following:

- Reducing fossil fuel activities: The closure of all coal-fired power plants in recent years (17 coal- and fuel-oil-fired power plants over 8,500 MW) or the sale of combined-cycle power plants in Mexico in 2024 (8,436 MW) are examples of actions leading to Scope 1 and 3 emission reductions.
- Innovation and efficiency: The company firmly believes that continuous innovation, combined with improved process efficiency, will enable the supply of increasing volumes of sustainable and competitive energy. For this reason, it is committed to new technologies that will allow greater flexibility in the electricity system, along three main lines: integrating innovative renewable energy production and storage, participating in new energy markets and aggregating new forms of flexible demand (hydrogen, heat and *prosumers*). At the same time, the evolution of possible technologies is monitored, such as fuel hybridisation, carbon capture and storage, new products to respond to customer needs, and the digitalisation and automation of processes. These actions have an impact on reducing emissions across all scopes.
- Partnerships in green technologies: The aforementioned levers are underpinned by a cross-cutting lever focused on activating a robust network of partnerships to advance green electrification solutions, as well as supporting and collaborating in the definition of ambitious approaches to climate policy and action. These actions have an impact on reducing emissions in all scopes.

At the time of publication of this report, the Company has not defined a specific combination of levers, nor has it taken any decision that will affect the development of its businesses and activities. Nevertheless, the Company will make every effort to achieve this ambition and will continue to align its strategy, investments, operations and public positioning, as it has done in the past. In any event, Iberdrola also commits to handling the energy transition by ensuring the creation of value for its shareholders, employees, customers, suppliers and the communities in which it does business. The Company therefore reserves the ability to adjust its planning to successfully perform in significant material aspects, such as the company value, quality of supply, social/labour conditions, and a fair transition.

Values of the Action Plan

Due to its cross-dimensional nature, the *Climate Action Plan* is based on the aspiration of making climate action compatible with the general social interest and contributing to sustainable development, so as to contribute to building an energy model in harmony with nature and human beings. These two dimensions are the values that underpin the plan, ensuring positive impacts on nature and society.

Investment associated with the Transition Plan

In order to fulfil the commitment set out in the *Climate Action Plan*, Iberdrola will continue to develop a business model and an investment plan to drive a decarbonised future.

In March 2024, Iberdrola updated its investment strategy, focusing on promoting the electrification of the economy and anticipating new sources of electricity demand.

Locked-in emissions

The long-term goal of achieving *Net Zero* emissions by 2040 (Scopes 1, 2 and 3) depends both on actions taken by the Group and on the decisions of third parties such as suppliers or regulators.

It is not possible at this stage to predict which assets will be part of the Group in 2030 or 2040, or how they will be used. The Company considers the locked-in emissions to be those from the emitting assets or activities included in the business plan.

All the measures contemplated in the *Climate Action Plan* contribute to reducing the total amount of stranded emissions, together with factors such as reduced operating hours, the reduction of the carbon footprint of electricity markets and the electrification of the economy as a whole.

As stated in the Group's *2024-2026 Strategic Outlook*, the Iberdrola Group will not be making any new capital investment (CapEx) related to carbon-intensive assets.

In terms of CapEx invested during 2024, the Group allocated around 110 M€ of maintenance CapEx for gas generation, which represents less than 1% of the Group's total consolidated investment. Gas distribution and marketing activities amounted to 3,779M€ in financial year 2024. These data mean that the Company is technically compliant with the requirements for inclusion in the *EU Paris-Aligned Benchmarks*. The absence of investments in coal and coal products, crude oil and petroleum products, and new natural gas facilities in the year is particularly noteworthy.

Monitoring of the Transition Plan

Compliance with the ambitious climate action plan (*Transition Plan*) is monitored using four emissions indicators (emissions intensity of generation and total Scope 1, 2 and 3 emissions) and a set of complementary metrics linked to the plan's levers and tools. Progress on the emissions indicators is shown below and the metrics are shown in [section E1-4](#).

It is worth highlighting the strong and continuous reduction in the intensity of direct emissions, from 250 gr/kWh in 2010 to 65 gCO₂/kWh in 2024, a reduction of 74%. Since 2020, the reference year for the 2030 target, a 34% reduction in emissions intensity has been achieved.

This trend is aligned with the fulfilment of the published targets of 60 gCO₂/kWh in 2025, 55 gCO₂/kWh in 2026 and less than 10 gCO₂/kWh in 2030.

The evolution of absolute emissions for the three scopes measured in tonnes of CO₂e is shown below. In 2024, they stood at 42.8 Mt of CO₂e (calculated using the location-based method). With respect to the aspirational target of achieving net zero emissions by 2040, by the end of 2024, an emissions reduction of more than 40% has been achieved compared to the comparable base year 2020. This reduction is in line with achieving the target of a 65% reduction by 2030.

The main actions carried out by the Group in the different scopes:

- Scope 1, the main actions carried out have been:
 - Reduction of thermal power plant operating hours – impact on absolute emissions ~ 2 million tonnes.
 - Divestment through sale of thermal power plants in Mexico – impact on absolute emissions ~ 1.2 million tonnes.
 - Divestment of last Lada and Velilla coal-fired power plants – impact on absolute emissions ~ 30,000 tonnes.
- Scope 2, the main actions carried out have been:
 - Investment in networks involving Reduction of network losses.
 - Own consumption PPAs.
- Scope 3, the main actions carried out have been:
 - Divestment through sale of thermal power plants in Mexico – impact on absolute emissions ~ 10 million tonnes.
 - Supplier electrification and emission reduction projects with medium-term impact.
 - Reduction of national average emissions factors through investment in networks and renewables – emissions reduction calculated for each region
 - Renewable energy customer PPAs that reduce Scope 3 emissions from energy to final consumers.

■ Disclosure Requirement [SBM-3]: Material impacts, risks and opportunities and their interaction with strategy and business model

The climate resilience of energy infrastructure entails an understanding of the impact of climate hazards on the various infrastructure/facilities and their operation, while at the same time implementing modifications to their structures and changes to design models and planning procedures for new facilities.

With regard to risks within the value chain, a preliminary qualitative analysis has been carried out both upstream and downstream of the value chain. The scope of this upstream analysis covers the risks of the main economic sectors of the Group's suppliers: major equipment, construction and maintenance of facilities; *oil and gas*; and critical materials and equipment for the energy transition. In the case of downstream value chain risks, customer related risks have been considered. For more detail, see [section IRO-1 of chapter ESRS 2](#).

The Group has specific mechanisms in place to minimise the physical risks arising from climate change, such as design specifications, asset diversification, insurance coverage, consideration of climate change in investment decisions, etc.

Furthermore, the fact that many impacts are primarily medium/long-term means that, to a large extent, it is the future assets, rather than the current assets, that will bear the most severe consequences, given that its assets are gradually renewed as they approach the end of their useful life.

Using the key risks identified as a starting point, resilience is assessed based on three concepts: resiliency, recovery and adaptive capacity.

In terms of physical risks, the resilience, recovery capacity and adaptability of facilities generally help to minimise the potential impacts of climate events and to recover in the shortest possible time.

In the specific case of electricity grids, which, as described in [chapter ESRS E-1](#), may be exposed to a material risk as a result of the expected evolution of extreme weather events, the companies of the Group that operate them have invested heavily in recent years and will continue to do so. The objectives include more reliable, secure and robust networks. Investment in greater digitalisation and automation is improving response times to impacts such as those resulting from extreme events.

In terms of transition risks, the Company's current positioning as a result of its investment focus on grids and renewable energy puts it in a favourable position for facing such risks, with a strategy aligned with the energy transition where close to 90% of the investments are consistent with the taxonomy.

As described in *section IRO-1 of chapter ESRS 2*, the Iberdrola Group regularly positions itself and plans its strategy through its '*Strategic Prospects*' in order to maximise the opportunities for transition in all its geographical areas.

3. Impact, risk and opportunity management

- **Disclosure Requirement [IRO-1]: Description of the processes to identify and assess material climate-related impacts, risks and opportunities**

Analysis of impacts

As part of the double materiality analysis described in *section IRO-1 chapter ESRS 2*, the following material impacts relating to climate change have been identified.

Positive impacts:

- Contribution to system stability through nuclear, combined cycle and *peaker* plants, together with energy storage systems such as hydro, pumped storage or short-term batteries.
- Contribution to regulatory frameworks and ambitious approaches to energy transition through different medium-term *advocacy* actions

Negative impacts:

- own short-term energy consumption
- direct and indirect long-term impact of CO₂ emissions arising from the Group's activities.

As can be seen, the most significant impacts are those that contribute to an increase in CO₂ emissions. It is important to note that the Iberdrola group is one of the vertically integrated electricity companies with the lowest emissions in the world, as its emissions are 81.3%⁹ lower than those of its European peers. In any case, negative impacts are dealt with in the *Climate Action Plan*, as described in *chapter ESRS E1-1*.

The potential risks arising from these impacts, as well as the opportunities arising from our strategy, which far outweigh the risks, are considered below in the section on the analysis of transition risks.

With regard to physical risks, these arise from the main long-term and extreme climatic threats, the development of which as a result of climate change could affect the normal operation of facilities and, in some cases, jeopardize the integrity of the company's infrastructure.

⁹ The data refers to the emissions generated by Iberdrola's facilities in Europe in 2024. The average factor data is sourced from Climate Change and Electricity: European Carbon Factor. PwC France. Dec. 2024 (using the European area of 2023).

Introduction to the analysis of climate change-related physical risks

Physical risks arising from climate change are specific to each site, potentially gradual, associated with each technology, and occur over very long periods, although, as in the specific case of extreme weather events, an increase in the frequency and intensity thereof can already be seen in the short term.

Throughout 2024, the company has continued to drill down on the analysis of the physical risks arising from climate change to which the Group may be exposed. Specifically, an analysis has been carried out for each location, taking into account all of the group's assets, activities and geographies within the scope of consolidation for financial year 2024.

It is worth noting that the analysis excludes underground electricity and gas transmission and distribution activities, as the impact of climate on the assets associated with these activities is considered to be negligible compared to the impact of climate on the other types of assets.

The geographies taken into account, as mentioned above, are those in which the group is present (Spain, the United States, United Kingdom, Brazil, Mexico, Australia, Germany, Greece, France, Portugal, Italy, etc.).

The identification process is based on the physical climate hazards listed in *Section II of Appendix A of EC Delegated Regulation (EU) 2021/2139*. After analysing the 28 hazards, a total of 14 were identified as having a potential impact on the Group's operations. The physical hazards could have potential financial impacts related to loss of efficiency and potential damage to assets and maintenance operations.

Physical climate risk assessment essentially consists of three main variables: sensitivity, exposure and adaptation. The first step is to determine the level of inherent risk (IR) for each asset analysed, i.e. without taking into account any adaptation measures that may have been implemented at the site.

- Sensitivity: the potential impact of each type of technology on climate hazards, assessed as a combination of magnitude or impact (the potential physical or economic damage) and the likelihood of the damage occurring.
- Exposure: assessed quantitatively on the basis of the forecast of the evolution of the various climatic variables published in the climate projections of international reference sources, making it possible to quantify the exposure value of each asset to the climate hazards assessed.

The calculation of the level of inherent risk is the product of the criteria for assessing the sensitivity of the group's activities and the exposure of each of its assets, for each physical risk of the hazards under consideration.

On the basis of the inherent risk result obtained, the methodology determines which of the inherent risks are material.

Finally, the material risks are identified through an assessment of adaptive capacity, taking into account the degree of actual or planned implementation of mitigation measures, their degree of coverage, and other elements such as insurance coverage or regulatory issues.

Time horizon and climate scenarios of the physical risk analysis





It is important to emphasise that, in order to assess the potential physical risks arising from the different hazards, the behaviour of the projection of different climate variables is studied over three time horizons: short-/medium-term (2021-2040), long-term (2041-2060) and very long-term (2080-2100). The time horizons defined allow the evolution of climate events to be correctly observed, as no significant differences between the projections would be observed if the time periods used were closer.

The climate scenarios have been chosen based on those defined by the latest version of the Coupled Model Intercomparison Project (CMIP), the sixth (CMIP6) for climate projections.

In the analysis conducted, it was decided to use the SSP2-4.5 (+2.7°C global warming compared to the pre-industrial median) and SSP5-8.5 (+4.4°C global warming compared to the pre-industrial median) scenarios, as these are scenarios with a larger number of models and data sources. SSP5-8.5 is the most pessimistic emissions scenario and therefore the most conservative, while SSP2-4-5 is a more moderate emissions scenario. This confirms the importance of having access to robust data, the use of high emissions scenarios and a wide range of scenarios. To complete this coverage, it was decided to include in the analysis the SSP1-2.6 scenario (+1.8°C global warming compared to the pre-industrial median), which provides the most favourable future comparability scenario.

Conclusions on physical risks

As shown in the following table, from the analysis performed, in which the operating assets at the end of 2024 and a total of 14 threats have been assessed, it can be concluded that in the long term, for the 2050 time horizon, and in the scenarios of higher emissions, taking into account the adaptation measures already implemented, only a material risk associated with the impact of the increase in extreme events that could affect network assets, mainly those located in the United States, is foreseen at the present time. This risk is associated with the need for additional resilience plans already foreseen and whose associated investments, in any case, will be taken into account in regulatory reviews.

Inherent risk	Technology	Region	Scenario	Horizon	Examples of adaptation measures/Mitigation Element	Material Risk
Increased frequency and severity of cyclones and hurricanes.	Wind 	United States (East Coast) and Mexico	SSP2-8.5 - +4.4°C	2050	The infrastructure design for each site takes into account extreme gusts of wind based on historical data Insurance cover against cyclones and hurricanes in the most exposed areas	No
Increase of fires in the surrounding area due to an increase in extreme temperatures	Solar Photovoltaic 	Spain and Mexico	SSP2-8.5 - +4.4°C	>2050	Reinforced fire protection plan contemplates more than 87 measures to be implemented by 2025 Insurance cover against fire risk	No
Increased frequency and intensity of extreme events (cyclones, tornadoes, floods, fires, etc.)	Networks 	United States, Spain, Brazil, UK	SSP2-4.5 - +2,7°C/ SSP 2-8.5 - +4.4°C	2050	Digitalisation Undergrounding lines Design specifications Investment: Fencing Vegetation management	Yes
Increased periods of drought affecting the operation of water assets	Hydro 	Spain and Brazil	SSP2-8.5 - +4.4°C	>2050	Development of new pumping Turbine operation at ecological flow rates	No

In addition to the mitigation elements listed in the table above, in general terms the Company has elements in place to reinforce its resilience in the face of the expected future evolution of climate variables, such as:

- Gradual renewal of the assets: the fact that the impacts are primarily long-term means that, to a large extent, it is the future assets, rather than its current assets, that will bear the most severe impacts.
- Diversification (from the business, geographic and technological standpoint)
- Consideration of climate change in new investment decisions. The group's Investment Policy requires a specific analysis of climate change risks in the construction dossiers of new facilities.
- Regulatory coverage in the networks business.

Introduction to the climate change transition risk analysis

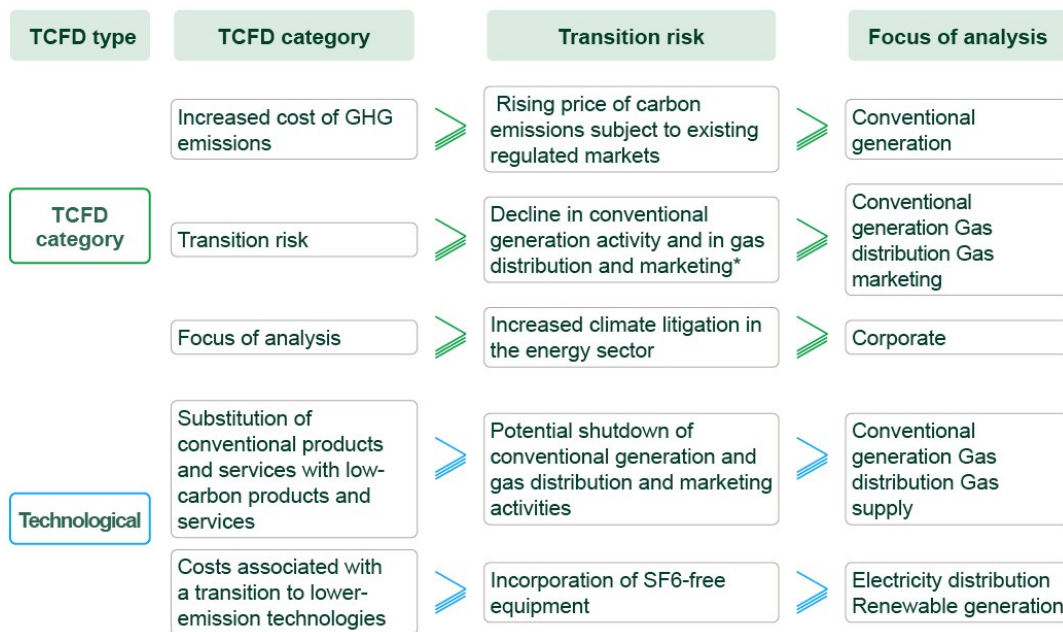
The identification and assessment of transition risks related to potential changes in markets, regulation, products or business models as a result of climate change is carried out for each “activity” carried out by the group’s Head of Business Companies (HBCs). For each of these HBCs, the climate change transition events that could have an impact at the “activity” level are assessed.

The activities included in the analysis of transition risks due to climate change include the main activities of the Iberdrola Group.

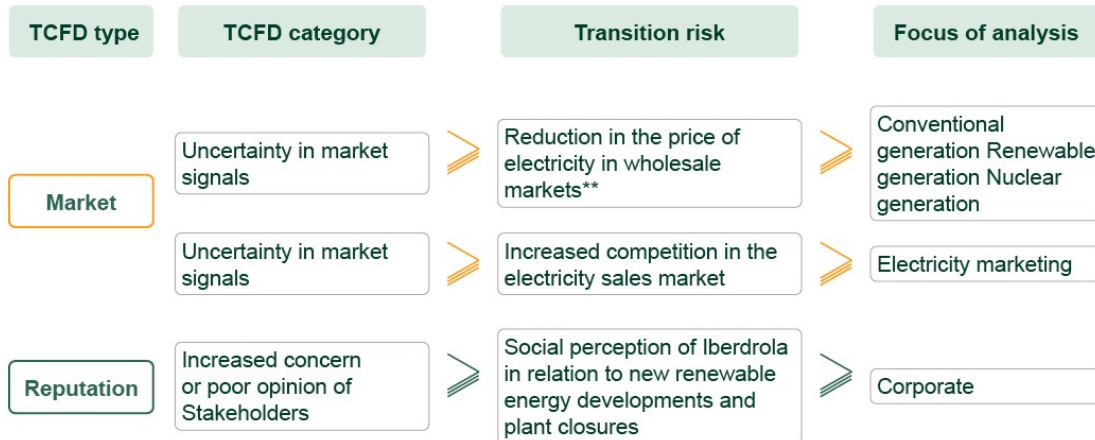
The identification of climate change transition risks is based on the list of events contained in the Implementation Guide of the *Task Force on Climate-related Financial Disclosures* (TCFD), which groups risks into four main types (regulatory and legal, technological, market and reputational) and into the different categories identified within these.

In addition, a review was conducted of the sector’s standards and regulations, industry trends in the area of environmental transition related to the energy sector, and expert criteria from different business areas of the Company.

As a result, there is a list of potential transition risks arising from climate change, of which eight have been identified by expert judgement as most relevant to the group’s business and climate change strategy and have been subject to the assessment process to determine their relative importance.



*Risk corresponding to a combination of the “Regulatory” and “Market” typologies



** Risk considered in the short-term before these markets are redefined to enable transition

The transition risk assessment for each activity is based on a quantitative methodology, taking into account three impact assessment criteria: magnitude, likelihood and duration of events, and an additional criterion of vulnerability. The inherent risk is thus calculated as the product of impact and vulnerability.

In order to assess the impact, current company information is taken into account through a number of inputs provided by the different business areas, as well as projections of key parameters in the transition climate scenarios over different time horizons in which these events could occur (2030, 2040 and/or 2050). These horizons have been defined according to the projections of the scenarios, the useful life of the assets and/or internal assumptions about the future of the sector. In terms of likelihood, the various transition climate scenarios considered have been assumed to be true.

The concept of vulnerability is also included to define the level of sensitivity of the various activities of the Iberdrola group to each risk in each region.

In addition, the risks assessed at the corporate level (litigation and stakeholder opinion) are qualitatively analysed on a global basis, taking into account the general context of both risks, both of which are considered to be non-material for the year under review.

Based on the result of each of the inherent risks per activity and HBC, for each of the climate scenarios and for each of the time horizons, the material (materiality) risks are determined.

Time horizons and climate-related transition scenarios




The assessment horizons are 2030, 2040 and 2050 in the short-, medium- and long-term, respectively. This choice is in line with the Company's strategic vision, the information provided by the climate scenarios used (WEO 2023), and the Climate Transition Plan.

The climate scenarios used were *Stated Policies (STEPS)*, *Announced Pledges (APS)* and *Net Zero (NZE)*, with the main source of information being the International Energy Agency's *World Energy Outlook 2023*. These scenarios are consistent with the critical climate assumptions included in the financial statements.

The manner in which the particular features of each scenario have been factored into the risk analysis is reflected in the specific “projection parameters” for each time horizon, including the price of direct CO₂ emissions, conventional generation, electricity pool prices, etc.

Finally, the analysis is completed by integrating all the mitigating factors and their business model for each of the activities subject to inherent risks in each geographic area, thus finally obtaining the material risks.

Conclusions on transition risks

Inherent risk	Activity	HBC	Scenario	Horizon	Mitigant	Material risk
Potential shutdown of conventional generation activity	Combined Cycle Generation 	Iberdrola Energía Sostenible España	APS / NZE	2040	<ul style="list-style-type: none"> Technology needed to ensure security of supply. Recovery of asset value via alternative revenue mechanisms 	No
Decline and potential shutdown of gas distribution activity	Gas distribution 	Avangrid Networks Inc.	APS / NZE	2040 / 2050	<ul style="list-style-type: none"> Customer conversion Increased electricity use Regulatory asset recovery Hydrogen conversion 	No
Reduction in the price of electricity in wholesale markets	Renewable generation 	Iberdrola Energía Sostenible España	NZE	2030	<ul style="list-style-type: none"> Offsetting of generation and customer positions Management of remaining risk in wholesale markets 	No

The inherent risks identified in the analysis are summarised in the table below:

The analysis of the risks arising from climate change in different time horizons and climate scenarios shows that the activities associated with inherent risks are mainly those related to conventional combined cycle power generation and natural gas distribution.

With regard to the risk of a potential reduction in gas distribution activity in the United States, it was identified as an inherent risk for the APS and NZE scenarios in the 2040 and 2050 horizons. The risk of a shutdown of this activity was identified as inherent in the same scenarios, but only in 2040. In both cases, mitigating actions have been taken into account to conclude that the risk is not material, including customer conversion to greater electrification of these services (which is already happening), increasing electricity demand, as well as the recovery of the value of the assets, either through regulatory action or the market, or the conversion of the assets to hydrogen sources.

In addition, an inherent but non-material risk has been calculated for the possible shutdown of combined cycle activity in Spain, for the APS and NZE scenarios and for the 2040 horizon. These results take into account the estimated impact of mitigation measures, which include measures related to security of supply measures in Spain, as well as asset value recovery.

In addition, another risk has been identified in Spain. There is a potential scenario of lower electricity prices in the short-term spot markets, especially in the NZE scenario, as a result of a market design (revenue models, treatment of discharges, possible support mechanisms, etc.) that is still being adapted for a growing electricity system based on a zero-emissions generation base. The resulting risk is not material because the Company mitigates it in the short term through various measures:

- Integration of anticipated evolution into internal pathways
- Centralised management of positions by an expert area (Energy Management)
- Hedging of at-risk positions in generation and via sales to final customers at fixed or indexed prices (natural hedging)
- The remaining risk is mitigated through wholesale market transactions (through physical and derivative transactions)

The described actions and measures identified as mitigating measures have led to the final assessment of these risks as non-material.

Analysis of transition opportunities

The identification and assessment of climate change related transition opportunities is linked to the activities of interest to the Iberdrola group. For each of them, the climate-related transition events that could have an impact are assessed.

The identification of climate change related transition opportunities is based on the list of categories included in the TCFD Implementation Guide, which groups opportunities into five main typologies (resource efficiency, energy sources, products and services, markets and resilience).

Eight significant potential opportunities have been considered in relation to the activities carried out. These are the opportunities that could make the greatest contribution to higher growth rates of some of the businesses. These opportunities are analysed using an assessment and quantification model.

TCFD type	TCFD category	Opportunity
Products and services	Development and/or expansion of low-emission goods and services	Heat pump
	Development and/or expansion of low-emission goods and services	EV charging
	Development and/or expansion of low-emission goods and services	Green hydrogen
	Capacity to diversify activities	Transmission and distribution networks
	Capacity to diversify activities	Electricity generation
	Capacity to diversify activities	Pumped storage
	Capacity to diversify activities	Battery storage
	Change in consumer preferences	Electricity marketing
Market	Diversification of the activities of the business	Voluntary carbon markets

All these opportunities would materialise in the form of increased revenues as a result of increased demand for electricity due to the electrification of applications that currently use fossil fuels. This increased demand will require investment in all activities in the sector, from renewable generation, transmission and distribution networks, storage, mobility, etc. The expanded asset base and the increase in invested capital are drivers of growth opportunities in terms of earnings.

The Company integrates all these opportunities into its long-term Strategic Prospects. This planning incorporates all identified or anticipated opportunities at all times and is reviewed annually. The assessment of each opportunity is kept confidential due to its high strategic importance. The information publicly disclosed by the Company on its investment and growth plans provides an adequate and appropriate description of sustainability-related opportunities.

■ **Disclosure Requirement [E1-2]: Policies related to climate change mitigation and adaptation**

The natural capital policies formally establish the Company’s position in relation to the challenges, objectives and goals of climate change, preservation of the environment and the loss of biodiversity, while helping to identify and take advantage of the opportunities arising from the energy transition. They are, therefore, the expression of Iberdrola’s commitment to creating comprehensive business value shared with its Stakeholders, which takes into account and respects the natural and environmental capital on which its activity depends.

The Company pioneered the prioritisation of the need to protect the environment and biodiversity, as well as the fight against climate change, within its Governance and Sustainability System. Its environmental and biodiversity policies have been published since 2007, and in 2009

it approved its first policy on the Company's actions to combat climate change. The [Climate Action Policy](#) establishes the framework for the strategy and business model, and its contribution to the fight against climate change, in line with the Paris Agreement. In the policy, the Company positions itself to continue to lead in the area (directly and through alliances), to raise awareness (impacts, challenges and benefits) and thereby to contribute to a carbon-neutral and sustainable future.

This policy applies to all Group companies and to minority-owned companies not integrated within the Group over which the Company has effective control to the extent permitted by law. The Board of Directors is responsible for approving this policy.

The amendment of the [By-Laws](#) approved by the shareholders at the General Shareholders' Meeting in June 2021 formalises the obligation of the Board of Directors to approve, supervise and regularly report on the Climate Action Plan. This *Statement of Non-Financial Information* is the means by which the Company and its Board of Directors fulfil their annual reporting obligations in this area.

The main principles of conduct for implementing the [Climate Action Policy](#) include: setting and reviewing short-, medium- and long-term emissions reduction targets in line with the Paris Agreement objectives and subsequent revisions as climate change science evolves, with the aim of achieving CO₂eq emissions neutrality in Scopes 1 and 2 by 2030 and net zero emissions in all scopes by 2040; integrating climate change into internal strategic planning and decision-making processes, as well as into the analysis, management and reporting of long-term risks, taking into account the recommendations of the *Task Force on Climate-related Financial Disclosure* (TCFD) or other relevant organisations with regard to climate governance and information on impacts, risks and opportunities in this area, and; promoting knowledge of the value chain and continuing to identify actions and opportunities in the face of impacts and risks related to climate change.

For some time now, the Iberdrola Group has had a well-established, comprehensive risk system in place. The [General Risk Control and Management Foundations of the Iberdrola Group](#) aims to “establish the basic principles and general framework for the control and management of all kinds of risks facing the Company and the other companies of the Group”, including, therefore, those associated with climate change. The system's ultimate objective is to i) identify risks and establish management measures, ii) monitor and measure these risks, and iii) comply with the new European reporting *regulations*.

The Climate Change and Partnerships Division (or such division as assumes the powers thereof at any time) is responsible for supervising the implementation of this policy.

■ **Disclosure Requirements [E1-3]: Actions and resources in relation to climate change policies**

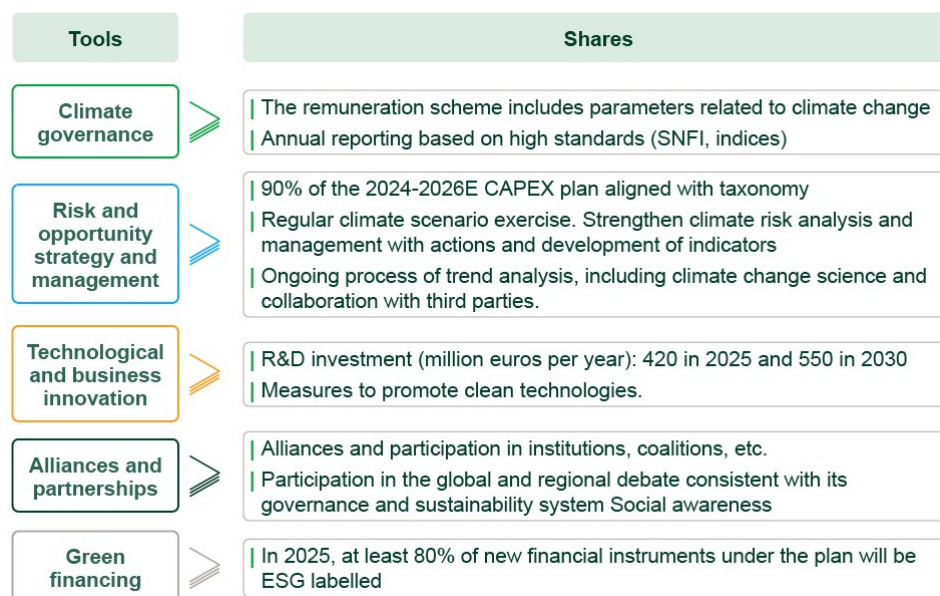
Mitigation actions

In order to meet the objectives of the transition plan, four levers have been applied, grouping together the different actions that have been or could be taken. Although no specific combination of levers has been defined, nor has any decision been taken that affects the development of its business and activities, the Company has set its aspiration through the Group's emission reduction targets that have been communicated in the context of the Sustainability Goals of the Company and its subsidiaries. These Targets therefore serve as complementary indicators to the monitoring of the Climate Action Plan.

Levers	Shares	Scope of action
100% Renewables	<ul style="list-style-type: none"> Renewable investments (EUR 15,500 million by 2026) Increased storage capacity New technologies Thermal: For power (neutralise) and disinvestments <ul style="list-style-type: none"> - Divestment of assets amounting to 8.5 GW in Mexico in 2024; - Closure of 17 coal and fuel oil thermal power plants 	A1 A2 A3
100% Smart grids	<ul style="list-style-type: none"> Investments: EUR 21,500 million Digitalisation, quality and efficiency (loss reduction) Reduction of fugitive emissions (e.g. SF6-free cells) Innovation centres and projects Decarbonisation of the mix 	A2 A3
Green solutions for customers	<ul style="list-style-type: none"> Deployment of Smart and digitalisation solutions Partnerships in green technologies and decarbonisation For gas networks: divestments, other fuels 	A2 A3
Green purchases: Energy	<ul style="list-style-type: none"> Increased electricity sales from own production and green energy purchases Renewable electricity in buildings and ancillary systems 	A1 A2 A3
Green purchases: Suppliers	<ul style="list-style-type: none"> Joint emission reduction projects Emissions in selection criteria Sale of electrification solutions Partnerships in green technologies and decarbonisation 	A3

Levers	Complementary metrics	2023	2024	2025	2026	2030
100% Renewables	Renewable capacity (MW)	42,175	44,478	n/a	n/a	n/a
	Storage capacity (GWh)	101.9	108.2	108	118	136
100% Smart grids	Networks asset base (kM€)	42	45.4	n/a	n/a	n/a
	% HV and MV Smart grids	78 %	81.4 %	83 %	85 %	90 %
	Overall SAIDI reduction (vs. average 2019-21)	-8.6 %	-12.3 %	-10 %	-11 %	-16 %
Green solutions for customers	SMART Solutions Portfolio (Millions)	14.2	16	18	19	21
	Digital customers (%)	73 %	72 %	75 %	76 %	80 %
Green purchases: Suppliers	Sustainable suppliers (%) ¹⁰	88 %	87.9 %	>85%	>85%	>85%
	Purchases from sustainable suppliers (%) (% of total purchases)	90 %	93 %	>85%	>85%	>85%

In addition, the Plan is underpinned by an effective framework of internal and generalised tools, which can also be used to implement various actions and which include other Sustainability Targets, thus serving as complementary metrics.



¹⁰ Percentage of main suppliers subject to sustainable development policies and standards

Tools	Complementary indicators	2023	2024	2025	2026	2030
Climate governance	Remuneration linked to climate targets	O.K.	O.K.	O.K.	N/A	N/A
Risk and opportunity strategy and management	Green economy-aligned investments (% CAPEX over total)	88.8 %	89.0 %	~ 90 %	~ 90 %	~ 90 %
Technological and business innovation	Investment in R&D+i (million euros per year)	384.4	402.5	420	443	550
Alliances and partnerships	Activities undertaken	Qualitative				
Green financing (1)	% green products	90.00 %	94 %	Min. 80%	Min. 80%	...

Financial resources

The actions to be taken by the Company and its subsidiaries are included in the planned medium and long-term investment. The indicator that best represents the Group's level of sustainability is the ratio of CapEx (capital expenditure) to total, which stands at 89.0%, thanks to its growth strategy based on smart grids and renewable energy generation, activities on which it is focusing the bulk of its investment. The Company has announced its intention to maintain its sustainable CapEx ratio in the region at around 90% in the coming years.

Activity	CapEx financial year 2024 (millions of euros)
Transmission and distribution of electricity.	5,887
Electricity generation from wind power	2,917
Electricity generation using solar photovoltaic technology	1,477
Electricity generation from hydropower	107
Installation, maintenance and repair of recharge stations for electric vehicles in buildings (and in parking spaces attached to buildings)	72
Manufacture of hydrogen	15
Installation, maintenance and repair of renewable energy technologies	19
Storage of electricity	28
Installation, maintenance and repair of energy efficiency equipment	12
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	97

4. Metrics and targets

■ Disclosure Requirement [E1-4]: Targets related to climate change mitigation and adaptation

Tracking effectiveness of policies and actions through targets

As set out in disclosure requirements sections MDR-T of *chapter ESRS 2 and section E1-1 of chapter E1*, the Company has defined a climate transition plan that constitutes the roadmap and sets ambitious targets to accelerate electrification and the reduction of emissions of the economy, responding to the impacts, risks and opportunities of climate change. With this in mind, the following targets have been set:

- *Carbon neutral* electricity generation in 2030
- *Net Zero* in Scopes 1, 2 and 3 before 2040.

Together, these targets address a negative impact and also represent a business opportunity.


Other complementary metrics have also been established:

- Storage capacity
- Smart grids
- Investment in R&D
- CapEx Aligned

In the context of the Company's policies, all these aspirational targets elaborate the principles of the *Climate Action Policy* to establish lines of action for emission reduction in the short, medium and long term, in line with the Paris Agreement and its subsequent revisions. In this framework, the aspirational emissions targets of *carbon-neutral* electricity generation by 2030 and *Net-Zero* emissions in Scopes 1, 2 and 3 by 2040 are certified by the *Science-based Targets Initiative* to support the overall goal of limiting the global temperature increase to 1.5°C.

Target: Carbon neutral electricity generation in 2030

Boosting electricity as a clean, autonomous, local,
stable, safe and competitive source of energy

	2024	2025	2026	2030
 Carbon Neutral in electricity generation in 2030 Specific emissions global mix (g CO ₂ /kWh)	65	60	55	Carbon Neutral ⁽¹⁾

(1) <10 gCO₂/kWh

The Company sets the voluntary target of **carbon neutral electricity generation in 2030**, aiming to achieve carbon neutrality (based on SBTi <10g CO₂/kWh) in 2030, with interim targets of 60g CO₂/kWh and 55g CO₂/kWh for 2025 and 2026, respectively, as a result of the projection of CO₂ emissions based on the generation forecast presented in the Company's Long-Term Strategic Prospects for 2024.

The emissions inventory used for the calculation is certified by an external auditor (ISO 14064). Gross emissions are used, without reductions from carbon credits or other emissions offsetting.

Target: Net Zero in Scopes 1, 2 and 3 before 2040

Boosting electricity as a clean, autonomous, local,
stable, safe and competitive source of energy

	2024	2025	2026	2030
 Net Zero in scopes 1, 2 and 3 before 2040	In progress		SBTi milestone fulfilled ⁽¹⁾	


(1) Intermediate target as certified by SBTi (Science-based targets initiative).

The Company sets a voluntary target of **Net Zero in Scopes 1, 2 and 3 by 2040**, a pathway certified by the SBTi.

The scope of this target covers all of the Group’s activities. It takes into account the inclusion of Scope 1, 2 and 3 emissions on an aggregated basis as reported in the GHG inventory certified by an external auditor (ISO 14064). Gross emissions are used, without reductions from carbon credits or other offsetting mechanisms.

Target: Storage capacity

Boosting electricity as a clean, autonomous, local, stable, safe and competitive source of energy

	2024	2025	2026	2030
 Storage capacity Cumulative installed storage capacity (GWh)	108.2	108	118	136


The Company sets the voluntary **Storage Capacity** target, which is expected to increase cumulative storage capacity to 136 GWh by 2030, with interim targets of 108 GWh and 118 GWh by 2025 and 2026, respectively.

This target is based on the growth scenario considered Long-Term Strategic Prospects of March 2024, taking into account the maturity of the project portfolio, legal certainty and selective investment.

This target seeks to contribute to the lever relating to the incorporation of more renewable capacity and therefore has a direct impact on the reduction of Scope 1 and 2 emissions and indirectly on Scope 3. In a complementary manner, the increase in storage capacity will make the system more resilient and therefore mitigate the physical risks derived from climate change.

Target: Smart grids

Boosting electricity as a clean, autonomous, local,
stable, safe and competitive source of energy

	2024	2025	2026	2030
 Smart Grids % automation of high and medium voltage assets	81.4%	83%	85%	90%

The Company sets the voluntary **Smart Grids** target of achieving 90% automation of assets (HV and MV) by 2030. To this end, a path has been established with interim targets of 83% and 85% automation in 2025 and 2026, respectively.

The target takes into account all the companies of the Iberdrola Group involved in the networks business, and the targets have been established on the basis of investment plans.

The digitalisation of grids allows new renewable capacity to be integrated into the electricity system and to serve the increased demand from new uses (electric vehicles, heat pumps, data centres, etc.). Therefore, the contribution of Scope 2 and 3 emissions is reduced. Smart grids also contribute to greater system resilience, facilitating the replenishment of supply, and therefore to the mitigation of physical risks arising from climate change.

Target: Investment in R&D

Boosting electricity as a clean, autonomous, local, stable, safe and competitive source of energy

	2024	2025	2026	2030
 Investment in R&D Million euros (annual)	402.5	420	443	550

The Company sets a voluntary target for **Investment in R&D**, aiming to achieve investment in innovation of EUR 550 million in 2030, with interim targets of EUR 420 million and EUR 443 million in 2025 and 2026, respectively. Innovation is a strategic variable, since it is a means for Iberdrola to guarantee the sustainability, efficiency and competitiveness of the company.


This is how its *Innovation Policy* is implemented, the purpose of which is to define and disseminate its strategy of leadership towards innovation within the energy sector with the aim of achieving the transition towards a more electric, decarbonised and accessible model. To this end, it has an open innovation model, which involves its technology suppliers, universities and technology centres, and which is decentralised, as it is carried out in each business unit. It also fosters the creation of an innovative ecosystem based on the attraction of external talent and the promotion of internal talent, implementing a culture of innovation at all of its levels, which allows the challenge of incorporating new technologies to be successfully met.

The goal takes into account all the innovation initiatives launched by Iberdrola, which are aligned with the fundamental vectors of the transformation of the energy sector: the massive integration of renewable energy, efficient storage, the promotion of electricity grids and the electrification of demand, mainly in transport (electric vehicles), building (electric heat pump) and industry. It is also committed to promoting new uses of electricity, such as the production of green hydrogen, which is essential for reducing emissions in sectors that are difficult to decarbonise. This accelerates the energy transition, successfully tackling the climate crisis in addition to improving energy security, competitiveness and sustainable job creation throughout the value chain.

Based on this criterion, interim and 2030 target goals are set according to the company's strategic plans, based on the historical investment trend.

Target: Sustainable capital expenditure (Capex)

Boosting electricity as a clean, autonomous, local,
stable, safe and competitive source of energy

	2024	2025	2026	2030
 CAPEX Aligned % of Taxonomy aligned CapEX ⁽¹⁾	89%	~90%	~90%	~90%


(1) Organic capex; according to European Taxonomy Regulation.

The Company sets a voluntary **sustainable Capex** target, which aims to maintain around 90% of sustainable organic capital investments, according to the European Taxonomy Regulation, by 2030, with interim targets in 2025 and 2026.

To define and establish the targets, the investments planned for 2024 to 2030 have been considered and the European Taxonomy regulation is applied for quantification.

Target: Smart grids

Boosting electricity as a clean, autonomous, local,
stable, safe and competitive source of energy

	2024	2025	2026	2030
 Smart Grids % automation of high and medium voltage assets	81.4%	83%	85%	90%

The Company sets the voluntary **Smart Grids** target of achieving 90% automation of assets (HV and MV) by 2030. To this end, a path has been established with interim targets of 83% and 85% automation in 2025 and 2026, respectively.

The target takes into account all the companies of the Iberdrola Group involved in the networks business, and the targets have been established on the basis of investment plans.

The digitalisation of grids allows new renewable capacity to be integrated into the electricity system and to serve the increased demand from new uses (electric vehicles, heat pumps, data centres, etc.). Therefore, the contribution of Scope 2 and 3 emissions is reduced. Smart grids also contribute to greater system resilience, facilitating the replenishment of supply, and therefore to the mitigation of physical risks arising from climate change.

■ Disclosure Requirement [E1-5]: Energy consumption and mix

Intra-organisational energy consumption includes the energy consumed by all the facilities, buildings and offices of the Iberdrola Group. The same perimeter is used as for the reporting of GHG Scope 1 and 2 emissions. For Scope 2, both *Location-based* and *market-based* methods are used (see [section E1-6](#) for more information).

Consumption of fossil fuels is shown broken down by fuel type in the table below. Net revenues from activities in sectors with a high climate impact are related to the generation, distribution, transmission and supply of energy and represent approximately 98.5% of the Group's total revenues, as only the non-energy businesses and the corporation are excluded from this category (see note 38 to the [Annual Financial Information of Iberdrola S.A.](#)).

Total energy consumption, broken down by source [MWh]

Source	2024
(1) Fuel consumption from coal and coal products (MWh)	0
(2) Fuel consumption from crude oil and petroleum products (MWh) ¹¹	704,147
(3) Fuel consumption from natural gas (MWh) ¹²	59,218,804
(4) Fuel consumption from other fossil sources (MWh) ¹³	41,616
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	8,175,539
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	68,140,106
Share of fossil sources in total energy consumption (%)	48.8 %
(7) Consumption from nuclear sources (MWh)	71,022,841
Share of consumption from nuclear sources in total energy consumption (%)	50.9 %
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	212,399
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	201,300
(10) The consumption of self-generated non-fuel renewable energy (MWh)	0
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	413,700
Share of renewable sources in total energy consumption (%)	0.3 %
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	139,576,647

¹¹ Consumption of fuel oil, diesel, petrol, ULSD, kerosene and CTV diesel is included.

¹² Consumption of natural gas and CNG gas is included.

¹³ Consumption of propane, ethanol and heating oil is included.

Energy intensity per net revenue

Source	2024	2023	% 2024/2023
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/€i)	0.003	N/AV.	N/A

Energy production

Source	2024	2023
Energy production from renewable sources (MWh)	83,338,000	79,549,000
Energy production from non-renewable sources (MWh)	49,162,000	89,050,000

Disclosure requirement [E1-6]: Scope 1, 2, 3 and total gross GHG emissions

The Group's inventory of emissions has been verified in accordance with UNE ISO 14064-1:2018 for the direct and indirect emissions from all of its activities. The verified information is available in the Greenhouse Gas Inventory (Carbon Footprint) section of the Company's corporate website.

The information included in the scope of the GHG inventory encompasses the Company, the country subholding companies and the head of business companies, as well as the companies in which it has an interest. This inventory therefore includes the emissions from the activities of the entire Iberdrola Group. The consolidation of GHG emissions is addressed based on an operational control approach.

Calculation methodology

The following calculation method is used to quantify GHG emissions: product of activity data (obtained internally or provided by a supplier) multiplied by the corresponding emission factor in each country (direct fuel analysis or emission factors from internationally recognised official sources).

The sources used to obtain the emission factors (EF) are:

- MITERD (Spain).
- DEFRA (UK and International).
- EPA (USA and Mexico).
- Ferramenta (Brazil).
- IPCC (AR6) for global emission factors.
- EEA (Europe).
- EIA (USA).

- DCCEEW (Australia¹⁴)

In this inventory, the Greenhouse Gases considered are:

- CO₂ (Emissions from stationary and mobile combustion)
- SF₆ (Fugitive emissions expressed in t CO₂ e)
- CH₄ (Fugitive emissions and emissions associated with fuel consumption expressed in t CO₂ e)
- N₂O (Emissions associated with fuel consumption expressed in t CO₂ e)
- HFCs (Fugitive emissions of coolant gases expressed in t CO₂ e)

NF₃ is not considered in this inventory as it is not produced in the Group's processes.

Scope 1 GHG emissions

Direct emissions are emissions from GHG sources owned or controlled by the company. They include:

Stationary combustion emissions

- CO₂ emissions from electricity generation facilities (by combustion of any type of fuel).
- Carbon dioxide (CO₂) emissions from stationary combustion of fossil fuels in gas turbines, boilers and others at thermal generation plants.
- Methane (CH₄) and nitrous oxide (N₂O) emissions associated with the combustion of generation fuels.
- Emissions from fuel combustion in buildings. These are emissions from the consumption of fuels used for other services such as heating, hot water, emergency power generators, in buildings, offices, etc. The most commonly used fuels are: diesel and natural gas.
- CO₂ emissions from the combustion of fuels in gas storage facilities.

¹⁴ With the exception of nuclear power plants, Spanish investee cogeneration plants and Brazilian hydroelectric power plants, which are reported on the basis of the share of ownership in the SNFI-SR.

Direct fugitive emissions in anthropogenic systems

- Methane (CH₄). These are emissions due to methane (CH₄) leakage from gas transmission pipelines and storage facilities. CH₄ leakage is calculated as the difference between the volume of gas delivered for distribution and the volume of gas ultimately sold to end users.
- Sulphur hexafluoride (SF₆). Emissions from SF₆ leakage from medium and high voltage equipment using this gas as a dielectric and coolant. The leaked gas is generally measured by the weight difference when recharging the equipment.
- From coolant gases (HFCs) from air conditioning systems. Emissions from leakage of refrigerant gases (hydrofluorocarbon gases HFC) from air conditioning systems. The gases considered are R-407C, R-404A, R-410, R-422A, R-438A, R-134A, R-32, R-134 and R-141.

Emissions from mobile combustion

- Emissions resulting from the fuel consumption of the organisation's means of transport. Fleet vehicles, ships and company aircraft used to transport staff are included.

Emissions from land use

- The calculation of emissions associated with land use change is based on the volume of vegetation generated, using a conservative approach based on IPCC studies.

Scope 2 GHG emissions

Scope 2 indirect GHG emissions are those from electricity, heat or steam consumed by the organisation and supplied by third parties. Other indirect emissions associated with electricity generation are also included in this section. They correspond to Scope 2 of the GHG Protocol:

- Emissions associated with the consumption of electricity during stoppages at power generation plants (renewable and non-renewable): these are emissions arising from the use of electricity for the operation of auxiliary systems of shutdown plants.
- Emissions associated with electricity consumption for pumping at hydroelectric plants: these are emissions arising from the use of electricity for pumping in hydroelectric plants. Applies to Iberdrola España only.

- Emissions associated with electricity consumption in the Group's buildings: these are emissions derived from the consumption of electricity in buildings, offices and network installations (substations and radio base stations). A distinction is made between renewable and non-renewable energy consumption, with renewable energy being counted as energy with a certificate of origin. The calculation is made as "Location based" and "Market based".
- Emissions associated with grid losses in transmitting or distributing electricity: The transmission and distribution of electrical energy causes losses in the grid, so that a slightly higher level of generation is required to meet a given level of final consumption. Emissions are calculated taking into account gross electricity losses.

Scope 3 GHG emissions

The Company has incorporated the life cycle perspective into its management model, which includes knowledge of the impacts throughout the value chain. In this way, year after year, the methodology for estimating Scope 3, the indirect emissions generated by the company's activities in sources not owned or controlled by the company, is refined.

The following Scope 3 categories are included in the GHG inventory:

- **Emissions** (due to fuel consumption) **from electrical power generation facilities used in production for third parties** (GHG Protocol Category 3). Associated with the combined cycle plants operated by the Group, but where the energy regulator (Federal Electricity Commission (CFE) determines the production conditions (start-up, production capacity, etc.). These are plants that have operated under the Independent Power Producer (IPP) modality until their sale.
- **Emissions associated with the transport of employees for work purposes** (hired and private vehicles, aircraft and trains) (GHG Protocol Category 7). Calculated based on kilometres travelled by each means of transport.
- **Emissions associated with the supply chain** (GHG Protocol Category 1 and 2). The calculation method is based on the EXIOBASE Environmental Extended Input-Output (EEIO) model, which makes it possible to calculate the environmental impacts associated with the final consumption of product groups.
- **Emissions associated with the transport of employees commuting** from their residence to their workplace (GHG Protocol Category 6). The information is obtained through employee surveys.

- **Emissions associated with electricity purchased from third parties for sale to end customers** (GHG Protocol Category 3, Activity D). Arising from the electricity acquired on markets or from third parties.
- **Emissions associated with gas purchased from third parties for sale to end customers** (GHG Protocol Category 11). Relating to gas distribution or marketing activities.
- **Emissions arising from activities upstream of the fuels purchased and consumed** (GHG Protocol Category 3, Activity A). Upstream life cycle emissions from all fuels used, including those associated with electricity transmission and distribution losses, electricity consumed and gas sold to end customers (Well to Tank, WTT).

Emissions that are not representative and for which it is not possible to obtain evidence to quantify them are excluded from this inventory. In any case, none of the exclusions exceeds 2% of the total emissions in its category.

Greenhouse Gas Inventory

The company has not set targets other than those described in [E1-4]. In this table, milestones that are not available are indicated as N/A.

Scope 1 GHG emissions

[CO ₂ eq]	Retrospective			Milestones and target years			
Tons	2023	2024	% 24/23	2025	2040	2050	Annual % target / Base year
Gross Scope 1 GHG emissions (tCO ₂ eq)	10,587,589	8,913,440	-15.8 %	N/AV.	N/AV.	N/AV.	N/AV.
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	95	94	-1.1 %	N/AV.	N/AV.	N/AV.	N/AV.

Scope 2 GHG emissions

[CO ₂ eq]	Retrospective			Milestones and target years			
Tons	2023	2024	% 24/23	2025	2040	2050	Annual % target / Base year
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	2,594,181 ¹⁵	2,468,917	-4.8 %	N/AV.	N/AV.	N/AV.	N/AV.
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	N/D	2,437,919	N/A	N/AV.	N/AV.	N/AV.	N/AV.

¹⁵ The closing value of the SNFI-SR 2023 amounts to 1,746,827t. Taking into account the methodological change of the ESRS, the value reported in 2023 has been homogenised in the SNFI-SR 2024.

Significant scope 3 GHG emissions

[CO ₂ eq]	Retrospective			Milestones and target years			
Tons	2023	2024	% 24/23	2025	2040	2050	Annual % target / Base year
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	39,304,151	31,460,578	-20.0 %	N/AV.	N/AV.	N/AV.	N/AV.
1 Purchased goods and services	3,730,983	3,469,985	-7.0 %	N/AV.	N/AV.	N/AV.	N/AV.
[Optional sub-category: Cloud computing and data centre services]	N/A	N/A	N/A	N/AV.	N/AV.	N/AV.	N/AV.
2 Capital goods	N/A	N/A	N/A	N/AV.	N/AV.	N/AV.	N/AV.
3 Fuel and energy related activities (not included in Scope 1 or 2)	23,557,372	16,824,930	-28.6 %	N/AV.	N/AV.	N/AV.	N/AV.
4 Upstream transportation and distribution	N/A	N/A	N/A	N/AV.	N/AV.	N/AV.	N/AV.
5 Waste generated in operations	N/A	N/A	N/A	N/AV.	N/AV.	N/AV.	N/AV.
6 Business travel	22,124	51,784	134.1 %	N/AV.	N/AV.	N/AV.	N/AV.
7 Employee commuting	33,255	41,085	23.5 %	N/AV.	N/AV.	N/AV.	N/AV.
8 Upstream leased assets	N/A	N/A	N/A	N/AV.	N/AV.	N/AV.	N/AV.
9 Downstream transportation and distribution	N/A	N/A	N/A	N/AV.	N/AV.	N/AV.	N/AV.
10 Processing of sold products	N/A	N/A	N/A	N/AV.	N/AV.	N/AV.	N/AV.
11 Use of sold products	11,960,416	11,072,794	-7.4 %	N/AV.	N/AV.	N/AV.	N/AV.
12 End-of-life treatment of sold products	N/A	N/A	N/A	N/AV.	N/AV.	N/AV.	N/AV.
13 Downstream leased assets	N/A	N/A	N/A	N/AV.	N/AV.	N/AV.	N/AV.
14 Franchises	N/A	N/A	N/A	N/AV.	N/AV.	N/AV.	N/AV.
15 Investments	N/A	N/A	N/A	N/AV.	N/AV.	N/AV.	N/AV.

Total GHG emissions

[CO ₂ eq]	Retrospective			Milestones and target years			
Tons	2023	2024	% 24/23	2025	2040	2050	Annual % target / Base year
Total GHG emissions (location- based) (tCO ₂ eq)	52,485,921	42,842,935	-18.4 %	N/AV.	See E1-4 Targets	N/AV.	N/AV.
Total GHG emissions (market- based) (tCO ₂ eq)	ND	42,811,937	ND	N/AV.	N/AV.	N/AV.	N/AV.

GHG intensity per net revenue

[CO ₂ eq]	Retrospective			Milestones and target years			
Tons	2023	2024	% 24/23	2025	2040	2050	Annual % target / Base year
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/€)	0.001	0.001	-9.99 %	N/AV.	N/AV.	N/AV.	N/AV.
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/€)	ND	0.001	N/AV.	N/AV.	N/AV.	N/AV.	N/AV.

Calculation of gross Scope 3 GHG emissions: Percentage of value chain emissions calculated from primary data

The majority of reported Scope 3 emissions reported are derived from primary data, i.e. meter readings or supplier billing. The only items calculated using estimation methods are those relating to categories 1 and 7. All the others use primary data.

Country	2024
Spain	79.0
United Kingdom	92.8
United States	88.0
Brazil	64.4
Mexico	98.8
Other countries	61.9

Category 1 emissions related to purchased goods and services are calculated from a list of invoices from the Group's suppliers. Each invoice is classified by sector of activity and country of origin and assigned an emission factor according to Exiobase. In the future, it is planned to gradually introduce primary emissions data from suppliers of purchased goods and services.

Category 7 emissions, related to employee commuting, are calculated based on internal surveys. An emission factor is calculated for each country and extrapolated to the total number of employees in each country subholding company.

■ Disclosure Requirement [E1-7]: GHG removals and GHG mitigation projects financed through carbon credits

The Company's Climate Action Plan aims to achieve carbon neutrality for Scopes 1 and 2 by 2030. The ultimate aspiration of this commitment is to achieve *Net Zero* emissions by 2040. The Group would therefore reduce absolute emissions by 90% compared to 2020 and residual emissions would be neutralised in accordance with the highest standards of quality.

The companies of the Group currently undertake certain activities within the framework of voluntary markets, but in no case are they linked to the achievement of emission reduction targets. In other words, the Company will only consider using carbon credits to neutralise its future residual emissions in accordance with best practices.

On the one hand, it occasionally participates in the voluntary carbon credit market on a voluntary and insignificant basis, occasionally purchasing carbon credits outside its value chain in order to offset certain actions or events, but these are not counted towards the achievement of its emission reduction targets, nor are they linked in any way to them. In 2024, 1,543 tn CO₂e were cancelled on a voluntary basis.

Furthermore, in 2023, Iberdrola launched a new business area related to the voluntary carbon credit market. The company *Carbon2Nature* (C2N) was created with the mission of developing high-impact nature-based solutions projects that reduce the overall carbon footprint, improve biodiversity and promote a sustainable economy.

Thus, technical and management capacities in the field of voluntary carbon markets are being strengthened in order to establish the best framework for offsetting and neutralisation as a contribution to emission reductions while integrating the most up-to-date science-based guidance and best practices available.

■ Disclosure Requirement [E1-8]: Internal carbon pricing

The Company applies an internal carbon pricing system, specifically a shadow pricing system. This system is used to support some of the company's decisions, such as investment decisions, where revenues (taking into account energy market prices) and production costs are analysed, internalising the price of carbon emissions when local regulations require it. In addition, decisions on the operation of CO₂-emitting power plants include an estimate of the carbon price as part of the production costs.

Processes involving the evaluation of revenues and production costs over the useful life of generation assets:

- Long-term financial prospects: margins
- Investment analysis: decisions on new projects, lifespan extensions, repowering, closures
- M&A processes for the sale and purchase of assets

In 2024, the sale of the combined cycle business in Mexico was completed. The transaction includes the sale of 13 power plants with an installed capacity of 8,539 MW, of which 99% are gas-fired combined cycle plants and 87% are plants operating under the Independent Power Producer regime contracted with the CFE.

In the past, the internal coal price was a key factor in decisions to close coal plants in Spain and the United Kingdom. Today, more than 88% of investments are geared towards the green economy.

Carbon pricing is an important tool for driving the development of innovative decarbonisation solutions, focusing on industrial decarbonisation solutions such as electrolysers or heat electrification technologies.

It should be noted that carbon pricing applies to items that have an impact on Scopes 1, 2 and 3 of CO₂ emissions. This includes actions such as the plan to increase the use of materials with low environmental impact, such as low-emission steel, the use of renewable energy at plants, policies to replace fleet vehicles and low-emission solutions for employee transport.

An average price 2025-2050 of 135-140 EUR/tCO₂ (nominal) is assumed. Three factors are taken into account in determining shadow prices:

1. Alignment with the prices of the carbon credits that are subject to the emissions trading system in the markets in which Iberdrola operates these assets.
2. Costs of implementing the measures needed to meet emission reduction targets.
3. Benchmarking of competitors.

When estimating prices, both a differentiated approach (it does not apply the same price to all products) and an evolutionary approach (the price is not static over time, but changes according to the circumstances of the context) are used.

Entity-specific indicators

Innovation

Iberdrola's innovative strategy, which cuts across all its businesses and activities and anticipates the energy transition by 20 years, has made it one of the world's leading energy companies. Thanks to its continuous drive for innovation, Iberdrola has been recognised for the fourth consecutive year as the private utility that invests the most in R&D in the world, according to the European Commission's ranking. In 2024, the group will invest EUR 402.5 million in R&D, 5% more than in 2023, organised around 5 pillars:

- **Clean**, efficient and innovative **disruptive technologies**.
- **New products and competitive services**, that meet customers' needs, with more personalised content and offerings.
- **Digitalisation and automation in all businesses and processes**, with the introduction of new technologies such as blockchain, big data, the Internet of Things, virtual reality, artificial intelligence, etc.
- **The PERSEO international start-up programme** is a benchmark initiative in the energy sector that has supported innovation through start-ups, entrepreneurs and suppliers for over 15 years. In 2024, 19 pilot projects were undertaken with start-ups and investments were made in companies such as Nido, RTS, CPD4Green, Carbon2Nature, EnergyLoop, etc.
- **Culture of innovation and talent**. The Company fosters a culture of innovation through knowledge transfer, attracting talent and promoting entrepreneurship. Within the Iberdrola U Universities Programme, a range of initiatives are developed with the academic world, such as university chairs, R&D projects, training for students, internal training and training for young entrepreneurs.

To implement these projects in collaboration with external entities, we have created a network of centres of excellence to foster innovation. These include *the Global Smart Grids Innovation Hub*, *Iberdrola Innovation Middle East*, *the Smart Mobility Lab*, the Artificial Intelligence (AI) Centre of Excellence and the Research and Training Campus.

Some of these are described below, grouped into three strategic areas:

Reduction of emissions

Wind: In the field of meteorological forecasting, the **WINDTWIN** project has been launched, which aims to develop new control strategies for each wind farm and turbine, predictive models for energy demand and price, and the implementation of advanced predictive maintenance and monitoring techniques for structures. In addition, the **RENOTWIN** project has begun, aiming to develop and validate the **Building Information Modelling (BIM)** methodology based on digital twins for renewable energy, which comprehensively captures all the necessary parameters to reflect the reality of the lifecycle of renewable assets, from design to O&M, using big data and AI tools.

Solar: The **ECOSIF** project continued to contribute to increasing the lifespan of photovoltaic systems, improving their efficiency and reducing their design, construction, operation and maintenance costs, through a detailed analysis of the corrosion processes that take place in the buried part of the fixed pile structures that support the photovoltaic modules. Work continued on acquiring *expertise* in **floating photovoltaic** technology and new solutions for **agrovoltaics**, resulting in a portfolio of large-scale projects.

Hydropower generation: In 2024, the **SHERPA** project was launched to extend and/or adapt the operating range of hydroelectric plants to include flows below the technical minimum, without affecting their service life, economic viability and environmental and social impact, thus maximising the use of this key technology for system flexibility. In addition, two successful pumping projects, **HYDROSES** and **AVANHID**, are being developed to incorporate technological developments and innovative solutions to optimise the performance of hydroelectric plants in reversible operation.

Energy storage and batteries: The **ATENA+** project has commenced, with the aim of developing Na-ion cells and modules for storage systems hybridised with renewables or in stand-alone configuration. The deployment of batteries hybridised with renewable facilities continues, with six projects to be carried out in existing photovoltaic plants.

Operation and maintenance: Development of the ASPA system continues with digital modelling of each turbine using AI, a Diagnostic Matrix, a more efficient and continuous predictive maintenance model, and in **FEM** and aeroelastic models to analyse the behaviour of wind turbines. This work is part of the **AEROEXTENS** and **NEWPREDICT** initiatives. In this area, the PERAL project is developing new voltage control strategies that allow a unified approach to the use of synchronous generation resources, asynchronous generation, storage systems, flexible demand (electrolysers) and self-consumption, overcoming the specific limitations of each technology.

System integration: Smart grids and digitalisation

Smart Grids: the strategic project of the **Global Smart Grids Innovation Hub (GSGIH)**, a pioneering centre and global benchmark for innovation in smart grids, continued to be strengthened with the launch of the GSGIH Product certified by AENOR seal, a label for products developed in the GSGIH ecosystem, the consolidation of the **Innovation Data Space (i-DS)**, an open data space, and the launch of the **Smart Grids Academy**. Work continued on the architecture and digitalisation of the low-voltage grid, with the introduction of new equipment to improve the efficiency, security and reliability of the grid. Projects in the area of grid flexibility continue to be implemented, such as BeFlexible, which promotes the participation of prosumers, and MICROFLEX, which aims to maximise the use of microgrids in island mode to improve the quality of supply by combining grid batteries and distributed resources. Finally, the ASTRA-CC project continues to develop a public DC grid architecture that facilitates the connection of distributed resources.

GEM (Global Energy Management): The **FLEXENER** project has been successfully completed, investigating new solutions for the integration of a 100% renewable, flexible and robust electrical system. With regard to the management of distributed generation and demand resources, the **Virtual Power Plant (VPP)** is making progress in the integration of assets, with a particular focus on the design of aggregation services for successful participation in the electricity market, such as the Demand Response Service (DRS). As regards public-private partnership projects, advanced modelling developments for the integration of different energy vectors (heat, H2, etc.) and renewables stand out. It is also worth mentioning European projects such as BeFlexible, which develops and adapts new green solutions to facilitate the proper coordination of all actors involved in the provision of services to the distributor.

Digitalisation: In 2024, the **IA4TES** project was completed, developing more than 60 use cases that rely on AI technologies to facilitate the transformation of the electricity sector towards a predominantly renewable generation, a market environment with active customers, all supported by a smart, secure and expandable grid. In addition, a major transformational project, *Digital Boost*, continued, based on the use of Technology Platforms, the modernisation of Core systems and the use of digital technologies to foster collaboration between teams and companies in the group. This will be facilitated by the accelerated adoption of Cloud technologies and the use of Generative AI. In addition, an RCA component has been added to ensure that technology solutions comply with the various compliance, audit and risk frameworks.

Electrification of demand

Electrification of transport: The strategic alliance between Iberdrola and bp | pulse has promoted the **TANGERINE** project, funded under the **CEF Transport** call, for the installation of 1,220 high-power charging points. In addition, the **URBANHUB** project stands out, with the launch of a very high performance charging hub that integrates a second-life storage battery. On another front, work is being done on the electrification of heavy transport, with several projects funded through the **Moves Singulares II** call for proposals. In addition, Iberdrola is focusing on the implementation of an innovative infrastructure called **Onshore Power Supply (OPS)**, which will allow the supply of renewable energy to ships moored in the ports of Pasaia, Vigo and Alicante.

Electrification of heat: in the field of industrial electrification, progress has been made on proposals to decarbonise production processes at Bayer Asturias and BASF Tarragona, among others. We are also promoting the evolution of urban heating, cooling and hot water systems through heating and cooling networks powered by electrification and other renewable energy sources. In this line, the pioneering project Renewable Heating and Cooling Network - Palencia stands out, which will provide heat to the city of Palencia by the end of 2025.

Self-consumption: Autogrid Flex, a new platform developed in collaboration with **Schneider Electric** and adapted to self-consumption, stands out, offering customised and more intelligent solutions thanks to an innovative energy forecasting and distribution system.

Energy management: A platform has been launched in partnership with Balantia to provide a comprehensive energy certificate management system. Also noteworthy is the development and deployment of **Microgrids as a Service**, including solar, batteries and energy management software.

Green hydrogen: Work continued in 2024 on the construction of the 1.25 MW green hydrogen plant in Benicarló, Castellón, which is expected to be commissioned in 2025. Progress is also being made on the **CASTELLÓN GH2** project, which consists of the development of a 25 MW PEM technology electrolysis plant for green hydrogen production at the bp refinery in Castellón to replace grey hydrogen. In addition, at national level, the **AVOGADRO** project, which has achieved excellent results in the research and development of technological solutions in the value chain of renewable hydrogen gas refuelling stations for heavy vehicles, has been completed.

Reductions in energy requirements of products and services

Iberdrola offers its customers smart and innovative residential and industrial solutions to promote efficiency, energy savings and care for the environment.

Energy savings from green products and services

Products and services	MWh 2024	MWh 2023
Photovoltaic solar energy	556,529	542,517
Energy audits and plans	305,571	299,833
Gas maintenance service	0	0
Other savings and efficiency activities	86,734	74,086
Green energy supplied	75,130,579	75,004,622
Total	76,079,414	75,921,058

[ESRS E2] Pollution

1. Impact, risk and opportunity management

- **Disclosure Requirement [IRO-1]: Description of the processes to identify and assess material pollution-related impacts, risks and opportunities**

The Company has assessed the material impacts, risks and opportunities related to pollution by applying the process described in the disclosure requirement IRO-1 ESRS 2. This assessment has led to the identification of material pollution-related impacts:

- Emissions to air from combustion associated with the production of electricity in gas-fired power plants.
- Alterations to soil properties due to the construction of hydroelectric power generation facilities.

No material risks have been identified.

The *LEAP* (Locate, Evaluate, Assess and Prepare) approach has been applied to identify its material sites in terms of air, water or soil pollution. Based on the recommendations of the *LEAP* approach, the activities associated with each technology, which may have the potential to generate pollution, were identified and assessed at each site, using metrics adapted to each impact.

Facilities considered as material are those that:

- contribute to the described impacts through their activities.
- with emissions to air from the combustion of fossil fuels were considered to be material if they were located within 50 km of a community with a population of more than 50,000 inhabitants.

The group maintains ongoing contact with Stakeholders and local communities, especially during the design and construction phases of its infrastructure. This contact provides knowledge that has been used in impact assessment.

The following table shows a descriptive summary of material facilities.

Material facilities

Country subholding company	Country	Technology	Total no. of facilities	Material facilities (number)	Material facilities (%)	Impacts	Dependencies
Iberdrola España	Spain	Cogeneration	18	9	50%	Air pollution	N/A
Iberdrola España	Spain	Combined Cycle	7	3	43%	Air pollution	N/A
Iberdrola España	Portugal	Hydroelectric	1	1	100%	Alterations to soil properties due to construction	N/A
Iberdrola Mexico	Mexico	Cogeneration	4	4	100%	Air pollution	N/A
Iberdrola Mexico	Mexico	Combined Cycle	2	2	100%	Air pollution	N/A
Avangrid	United States	Cogeneration	1	0	0%	Air pollution	N/A
Neoenergia	Brazil	Combined Cycle	1	1	100%	Air pollution	N/A
Avangrid	United States	Combined Cycle	2	0	0%	Air pollution	N/A
Iberdrola Energía Internacional	Australia	Combined Cycle	2	2	100%	Air pollution	N/A

■ Disclosure Requirement [E2-1]: Policies related to pollution

The Company formalises its focus on reducing its environmental impact and, in particular, on controlling pollution, in the *Environmental Policy* and in the *Sustainable Management Policy*, which set out the principles for implementing a common environmental management model. Priority is given to the prevention of any type of pollution through a process of continuous improvement and the precautionary principle. Environmental considerations are part of the decision-making process and include regular assessment of the environmental risks associated with the Group's operations, infrastructure, products and services, which allows the strategies for preventing, minimising or eliminating these risks to be refined and updated. The companies of the Group continuously identify and evaluate ways to reduce the negative environmental impact of their activities.

In order to avoid the risk of air, soil and water pollution¹⁶ and its potential negative impact on the environment, the companies of the Iberdrola Group have robust environmental management systems in place, backed by ISO 14001 and EMAS certifications, and designed to effectively manage any anomaly or incident and to apply the principles of precaution and continuous improvement. Through the implementation of risk minimisation plans and the execution of predictive, preventive, and corrective measures, the natural environment and the maintenance of ecosystemic services are protected.

As stated in the aforementioned Policies and procedures related to the reduction of environmental impact, the Company. In line with this principle, a NO_x reduction target has been established that is described in *section E2-2*.

Sustainable value chain policies reflect Iberdrola's drive to work to implement and promote a sustainable value chain.

The Innovation, Sustainability and Quality Division (or such division as assumes the powers thereof at any time) is responsible for supervising the implementation of this policy.

■ Disclosure Requirement [E2-2]: Actions and resources related to pollution

The group addresses air, water and soil pollution issues by applying the precautionary principle and following strict environmental guidelines to prevent pollution.

¹⁶ Primarily emissions linked to nitrogen oxides (NO_x), sulphur dioxide (SO₂) and particulate matter (PM10).

Actions related to emissions to air from combustion associated with the production of electricity in gas-fired power plants

Iberdrola's Climate Action Plan, described in the disclosure requirement *chapter ESRS E1*, provides for reduction of the use of gas-fired thermal power plants for electricity generation by replacing and increasing their capacity with renewable energy. The gradual replacement of gas-fired plants with renewable energy will drastically reduce emissions of air pollutants (NO_x, SO_x and particulates).

The Company's long-term prospects update the planned investment in new renewable capacity on an annual basis.

The following significant actions were taken in 2024:

- The Company has divested part of its thermal generation business in Mexico. The operation involves the sale of 13 generation plants with an installed capacity of 8,539 MW, 99% of which corresponds to gas combined cycle plants. This entails an annual reduction of approximately 45,000 t NO_x, 478 t SO_x and 917 t of particulates (based on data from 2023).
- Decommissioning of the Villarobledo cogeneration plant in Spain has started.
- The renewable capacity put into operation in 2024 amounts to 2,394 MW.

The current strategic plan runs until 2026. The climate action plan has defined emissions reduction targets for 2030 and 2040.

Actions related to soil properties (nutrient cycling, erosion and drainage patterns...) in the context of the construction of hydroelectric power generation facilities.

The construction of hydroelectric infrastructure, such as the Tâmega Gigabattery, entails the potential alteration of the soil properties of large areas of land, due to both flooding caused by the reservoir and earthworks for the construction of the infrastructure and the temporary diversion of watercourses. The principles of the *Sustainable Management Policy* and the *Environmental Policy* have been applied in this project, and various measures have been adopted, both as required by the Environmental Impact Statement and other voluntary good environmental practices, to prevent, mitigate and compensate for the impacts of altering soil properties and ecosystems.

The main actions taken in the project are:

- During the project's design and environmental permitting phase, several measures were taken, such as optimising the areas to be used during the construction phase, reducing them to a minimum or minimising the impact on protected areas, limiting the planned area to the smallest possible and evaluating alternative sites.
- At the construction stage, monitoring plans were implemented prior to the start of works, during the construction and filling phases, rigorous control of volumes and analysis of the water uptake and discharge points at the site, the obligation to designate specific areas for the maintenance of equipment and the storage and separation of waste at each construction site, with measures to contain spillages and avoid contamination of water pipes, etc.
- Measures were also put in place to minimise erosion and compensate for the impacts on ecosystems and species. These are set out in the Compensation Plan and can be grouped into the following lines of work:
 - Planting of native and protected flora: planting cork oaks, laurels and native deciduous trees, increasing biodiversity in naturally regenerating pine forests, increasing trophic availability and capacity for fauna in scrubland areas and creating a habitat of community interest. The target area covers 1,000 hectares and to date more than 590 hectares have been worked on and more than 450,000 trees planted.
 - Restoration and improvement of river courses: the longitudinal connections of the river courses have been improved, the riparian gallery has been restored and the banks have been replanted using bioengineering techniques. In addition, aquatic ecosystems have been improved by creating ponds and adapting slow-moving areas. Eighteen ponds have been created and 10 slow water areas have been adapted.
- During the operational phase, a Monitoring and Maintenance Programme for Compensatory Measures has been established, and pollution prevention measures have been implemented, such as the construction of basins or barriers next to cooling oil or control equipment in the plant, and the installation of emergency kits and dispersants for different areas (dam, turbines, drainage, substation, generators, transformers) to prevent contamination of water bodies and watercourses, as well as natural soils.

The project started construction in 2014 after several years of planning and design. Daivões and Gouvães came into operation in 2022 and Alto Tâmega in 2024. The conduct that began in the design phase will continue during operation.

The companies of the Group have collaborated with various administrative bodies and stakeholders, in particular the Portuguese Institute for the Conservation of Nature and Forests in the development of the Environmental Plan, and is working with the surrounding municipalities to involve the communities in these actions and to promote the contracting of companies and associations.

Actions relating to Environmental Management Systems

In line with the *Sustainable Management Policy* and the *Environmental Policy*, the group's companies apply strict policies and procedures to all their facilities, including energy generation, transmission and distribution facilities, to ensure compliance with current legislation and control emission parameters in accordance with the relevant permits. With a view to protecting the natural environment from the possible negative impacts of polluting discharges (liquid, gaseous or solid), the Company has implemented Environmental Management Systems (EMS) certified in accordance with the ISO 14001 and EMAS standards. In 2024, 94% of the energy produced came from systems certified to ISO 14001 or EMAS standards.

Actions taken in relation to the management of liquid effluents and the protection of the aquatic and terrestrial environment are part of a continuous improvement process and, as such, are not subject to fixed time horizons for completion. These practices are integrated into the company's daily operations and are dynamically adapted to environmental needs and regulations.

As these measures are designed to prevent incidents, there have been no reported cases requiring the application of corrective measures for affected persons.

Actions relating to the replacement of elements with less polluting ones and installation of spill containment systems

As part of its commitment to mitigating, preventing and controlling air, water and soil pollution, the Company carries out different conducts, depending on the life cycle of the facility:

During construction, dedicated areas are provided for equipment maintenance and waste storage and segregation, equipped with spill containment measures and systems to prevent contamination of watercourses, thus ensuring effective and responsible environmental management at the construction site.

During the operation and maintenance phase, measures are taken to prevent and minimise leaks, such as the construction and sealing of basins, the removal of PCB transformers and their replacement with dry models, the decontamination of oils and equipment containing PCBs, the reinforcement of septic tanks and oil separators, the replacement of lubricating oils with less polluting alternatives, and the preparation of equipment, material and waste storage areas.

Actions implemented in relation to systems for the containment of spills into the aquatic and terrestrial environment are part of a continuous improvement process and, as such, are not subject to fixed time horizons for completion. These practices are integrated into the company's daily operations and are dynamically adapted to environmental needs and regulations.

As these measures are designed to prevent incidents, there have been no reported cases requiring the application of corrective measures for affected persons.


The resources allocated to the management of pollution prevention actions are part of the Group's investments and operating costs, meaning that the accounting systems do not currently have the capacity to identify and discriminate such amounts. The resources allocated include the environmental management systems for air, water and soil pollution impacts, and any other measures implemented at the facilities to prevent, mitigate or remedy potential impacts.

2. Metrics and targets

Disclosure Requirement [E2-3]: Targets related to pollution

As set out in *section MDR-T of chapter ESRS 2*, the following targets have been established relating to the sustainability issues identified in the assessment of pollution-related impacts, risks and opportunities:

Boosting electricity as a clean, autonomous, local, stable, safe and competitive source of energy

	2024	2025	2026	2030
 NOx emissions kg / MWh	0.157	0.17	0.15	<0.10

The Company has set a voluntary **NOx emissions intensity reduction target**, aspiring to an emission intensity of less than 0.10 kgNO_x/MWh by 2030, with intermediate targets of 0.17 and 0.15 for 2025 and 2026, respectively, as a result of the forecast of NO_x emissions based on the electricity production forecast presented in the Long-Term Strategic Prospects of March 2024. This target is in line with the European Union's goal of reducing air pollution by 55% by 2030.

The Company thus considers how it can contribute to improving air quality, following the guidelines of the *Sustainable Management Policy* and the *Environmental Policy*, which establish principles of conduct and instruments to address negative impacts related to water, soil and air throughout the entire value chain, and establish the necessary means of control to manage their effect on people and the environment.

Therefore, this target addresses the impact identified in the double materiality assessment of air pollution by aiming to reduce the emission intensity of the pollutant nitrogen oxides (NO_x) produced.

These pollutants are emitted during the combustion of fossil fuels in thermal power plants, and the transition to an energy *mix* with a residual presence of fossil fuels will further reduce these emissions.

In addition, the reduction of NO_x goes hand in hand with the reduction of the other identified air pollutants: SO_x and particulates, as they are produced at the same time as NO_x during combustion. For this reason, the Company has not set a specific target for them, as they are considered redundant.

This target has been set thanks to continuous communication with its stakeholders, which has been fundamental in defining the Company's strategy. This target is aligned with *SBTi* certification.

Although the Company has not published specific targets in relation to water and soil pollution, the companies of the group have implemented a series of processes, such as environmental management systems, internal targets and the adoption of preventive measures, to prevent and control any form of pollution. These processes and target have been described and illustrated in detail in the disclosure requirements for policies and actions of *sections E2-1 and E2-2*.

■ Disclosure Requirement [E2-4]: Pollution of air, water and soil

The release of substances such as sulphur dioxide (SO₂), nitrogen oxides (NO_x) and particulate matter (PM10) is a result of the combustion of fossil fuels. The evolution of the Iberdrola Group's electricity production activity toward an asset base that is mainly renewable or non-emitting (see *chapter E1*) is the reason for the constant reduction in these emissions, together with the use of advanced control technologies in combined cycle thermal gas plants.

The Company has developed a set of metrics to track and evaluate the organisation's progress in meeting its targets. These evaluation tools are essential to ensure the effectiveness and efficiency of the initiatives that are undertaken in relation to air pollution.

Metrics related to air pollution

Metrics related to air pollution	Description	Unit	2024	2023
Metrics used for measuring air pollution	NO _x emissions	t	20,236	56,928
	SO ₂ emissions	t	401	769
	Emissions of particulates (PM10)	t	408	1,164
Calculation methodology	Iberdrola España, NO _x is monitored continuously (equipment calibrated in accordance with ISO 9000), while SO _x and particulates are calculated using measurements by an external body, OCA. Iberdrola Mexico, emissions are monitored through fuel consumption and EPA factors. At Avangrid, NO _x , SO _x and particulates are measured directly at the facility. At Neoenergia, NO _x and SO _x are calculated based on fuel consumption and the emission factor set by ANEEL, while particulates are measured directly.			
Validation of metrics by an independent external party	The information is validated as part of the EMAS reports and the certified environmental management systems via the accredited bodies			

When comparing the performance in 2024 with 2023, there is a significant reduction in emissions due to the sale of thermal power plants in Mexico. The 2024 figures include two months of operation from the plants sold.

Metrics related to water pollution

Only emissions into water related to high materiality incidents are reported

Metrics related to water pollution	Description	2024	2023
Metric	Number of discharges	2	N/AV.
	Volume (m ³)	1.1	N/AV.
Calculation methodology	Record of the number of accidental spills occurring at the facilities that affect water.		
Validation of metrics by an independent external party	The information is validated as part of the EMAS reports and the certified environmental management systems via the accredited bodies		

The water pollutant emissions specified in *Annex II of Regulation (EC) No. 166/2006* of the European Parliament and of the Council are not reported as they are not material.

Metrics related to soil pollution

Only emissions to the soil related to high materiality incidents are reported.

Metrics related to soil pollution	Description	30.a 2024	28.a 2023
Metric	Number of discharges	5	N/AV.
	Volume (m ³)	3.5	N/AV.
Calculation methodology	Record of the number of accidental spills occurring at the facilities that affect soil		
Validation of metrics by an independent external party	The information is validated as part of the EMAS reports and the certified environmental management systems via the accredited bodies		

The soil pollutant emissions specified in *Annex II of Regulation (EC) No. 166/2006* of the European Parliament and of the Council are not reported as they are not material.

Entity-specific indicators

Metrics related to air pollution

Description	Unit	2024	2023
Percentage of emissions of NO _x near densely populated areas	%	74	62
Percentage of emissions of SO ₂ near densely populated areas	%	83	28
Percentage of atmospheric emissions of PM10 particulate matter near densely populated areas	%	72	62

[ESRS E3] Water and marine resources

1. Impact, risk and opportunity management

■ Disclosure Requirement [IRO-1]: Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

The Company has assessed the material water and marine resources-related impacts, risks and opportunities using the process described in *section IRO-1 of chapter ESRS 2*.

This assessment has led to the identification of negative material water and marine resources-related impacts:

- Water consumption from evaporation in the cooling processes of thermal power generation plants
- Changes in water availability in river basins due to their use for hydropower generation.

No material risks and opportunities have been identified.

In addition, the *LEAP* (Locate, Evaluate, Analyse, and Prepare) approach has been applied to identify its material sites with respect to water resources. Following the recommendations of the LEAP approach, the relevant sites have been located, i.e. those that make use of water resources, and those that are located in areas at risk of water stress according to the *Water Risk Atlas*¹⁷ have been identified. Material sites with respect to water resources have been defined as those that:

- Are located in areas at risk of water stress (Extremely High values).
- Use fresh water.

Thermal power plants using seawater for cooling are therefore not considered as material.

For sites that use freshwater, Iberdrola is in constant contact with the authorities responsible for managing river basins and other water sources, so as to ensure that the shared use of the resource is compatible and avoids impacts on all Stakeholders.

¹⁷ *Water Risk Atlas. Aqueduct 4.0. World Resources Institute*

List of Material facilities

Country subholding company	Country	Technology	Total no. of facilities	Material facilities (number)	Material facilities (%)	Impacts	Dependencies
Iberdrola España	Spain	Cogeneration	18	16	89%	Water consumption	Water supply and quality
Iberdrola España	Spain	Combined Cycle	7	4	57%	Water consumption	Water supply and quality
Iberdrola España	Spain	Nuclear	5	3	60%	Water consumption	Water supply and quality
Iberdrola España	Spain	Hydroelectric	113	59	52%	Changes in water availability	Water supply and quality
Iberdrola España	Portugal	Hydroelectric	3	0	0%	Changes in water availability	Water supply and quality
Iberdrola España	Spain	Hydrogen	2	0	0%	Water consumption	Water supply and quality
Iberdrola Mexico	Mexico	Cogeneration	4	3	75%	Water consumption	Water supply and quality
Iberdrola Mexico	Mexico	Combined Cycle	2	2	100%	Water consumption	Water supply and quality
Avangrid	United States	Cogeneration	1	0	0%	Water consumption	Water supply and quality
Neoenergia	Brazil	Combined Cycle	1	0	0%	Water consumption	Water supply and quality
Neoenergia	Brazil	Hydroelectric	4	0	0%	Changes in water availability	Water supply and quality
Avangrid	United States	Hydroelectric	9	0	0%	Changes in water availability	Water supply and quality

■ Disclosure Requirement [E3-1]: Policies related to water and marine resources

The *Environmental Policy* and the *Sustainable Management Policy* set out the Company's principles for the rational and sustainable use of water and promote the implementation of a common environmental management model. The policies state that water resources will be used in accordance with the hierarchy of water use (prioritising the reduction of water use and its reuse), by managing the risks associated with water scarcity and ensuring that the water used is returned to the environment in the desired conditions, preventing and reducing the pollution of water ecosystems. The consideration of water-related problems and conservation of marine resources is also promoted in the design of products and services.

The Policies apply to all Group sites, including those located in areas of water stress and high water stress. The Company has prevention and monitoring mechanisms and procedures in place to ensure responsible use of water, particularly in areas of greatest scarcity.

Sustainable value chain policies reflect Iberdrola's drive to work to implement and promote a sustainable value chain.

The approach to sustainable design of products and services is described in the Policies, promoting the improvement of circularity and the use of natural capital and resources.

The Innovation, Sustainability and Quality Division (or such division as assumes the powers thereof at any time) is responsible for supervising the implementation of this policy.

■ Disclosure Requirement [E3-2]: Actions and resources related to water and marine resources

Actions aimed at reducing water consumption from evaporation in the cooling processes of thermal power generation plants

Iberdrola's climate action plan, described in *section ESRS E1-1*, provides for a reduction of the use of gas-fired thermal power plants for electricity generation by replacing their capacity with renewable energy. Replacing gas power stations with renewable energies entails a drastic reduction in the amount of water used to generate electricity.

In 2024, the sale was closed of 13 power stations with an installed capacity of 8,539 MW, of which 99% corresponded to combined cycle gas turbines. This represents a reduction (avoidance) in annual water consumption of approximately 21.7 Mm³, which corresponds to the consumption of these plants in 2023 (last full year of operation within the Group), of which 3.2 Mm³ are from water-stressed areas.

The current Strategic Prospects run until 2026. For its part, the Climate Action Plan has defined emissions reduction targets for 2030 and 2040.

Actions to ensure water availability in river basins due to their use for hydropower generation.

For decades, the Company has been making significant investments in the development of pumped storage plants in order to increase the availability of dammed water for hydroelectric development and renewable energy generation. In 2024, the Valparaíso and Santiago Jares pumping stations were inaugurated in Spain, the construction of the Tâmega hydroelectric complex was completed in Portugal and Torrejón-Valdecañas was approved. The three completed facilities, together with Torrejón-Valdecañas, have a total storage capacity of 22 GWh.

For its part, the Torrejón-Valdecañas pumping station, which started to be constructed in 2024 and is expected to be operational in late 2026 or early 2027, will imply a storage capacity of more than 15 Mwh.

The Group's pumping station infrastructure had a storage capacity of 108.2 GWh at financial year-end.

The resources allocated to handling water management actions are part of the Group's investments and operating costs, meaning that the accounting systems do not currently have the capacity to identify and discriminate such amounts. The resources allocated include the environmental management systems to reduce water consumption and potential changes in water availability, and any other measures implemented at the facilities to prevent, mitigate or remedy potential impacts.

2. Metrics and targets

Disclosure Requirement [E3-3]: Targets related to water and marine resources

As outlined in disclosure requirement *section MDR-T of chapter ESRS 2*, the Company has set the following targets related to sustainability issues identified in the assessment of impacts, risks and opportunities related to hydraulic and marine resources:

Target: Specific water consumption

Protecting nature and fostering an efficient use of resources

	2024	2025	2026	2030
 Specific water consumption % reduction of water consumption Intensity vs 2021 ⁽¹⁾	-12.5%	-32%	-36%	-63%

(1) Reduction vs 2021.

The Company sets the voluntary target of **Specific water consumption**, according to which the aim is to achieve a 63% reduction in specific water consumption by 2030 (compared to 2021, when water consumption was 513 m3/GWh), with interim targets of 32% and 36% for 2025 and 2026, respectively. The target has been defined as a projection of the Group's water use intensity measured in cubic metres per GWh produced. This target is in line with the objectives of the European Commission's Water Framework Directive.

This target aims to reduce the intensity of water use in all of the Group's electricity generation activities, in line with the *Sustainable Management Policy* and the *Environmental Policy* and its main principles of conduct for rational and sustainable water use. It has been defined in a way that is consistent with the company's investments described in chapter E1, and is conditional on the implementation of the Spanish government's national plans for the gradual closure of its nuclear power plants. Water availability is a relevant issue identified through Stakeholder engagement.

This target addresses the impact identified in the double materiality assessment, which could improve the availability of water resources in the areas where the company operates, including areas of high water stress.

■ **Disclosure Requirement [E3-4]: Water consumption**

Water consumption

The key performance indicators are shown below.

Metrics related to water consumption	Description	Unit	2024	2023
Metric	Total water consumption	m ³	61,497,652	79,803,937
	Total water consumption in water stress areas	m ³	54,660,365	56,823,826
	Amount of water recycled/reused	m ³	7,356,953,202	N/D
	Total stored water	m ³	7,661,740,000	N/D
	Changes in the stored water	m ³	-1,329,780,000	360,900,000
	Water intensity	m ³ /€M	1,375	1,618
Calculation methodology and contextual information	Water consumption is calculated as the difference between water withdrawn and water discharged (data measured at each facility). The amount of recycled/reused water is obtained by adding the water pumped in hydroelectric power plants and the water reused in thermal power plants. The change in stored water is measured as the difference between the figure at the end of the year compared to the beginning of the year. The water stress zones are determined on the basis of information from the <i>Water Risk Atlas 28 (a-b-c-d)</i> , the quality of the discharged water complies with the water quality standards established for the receiving environment.			
Validation of metrics by an independent external party	The information is validated as part of the EMAS reports and the certified environmental management systems via the accredited bodies.			

As describe above, main water-related impacts are evaporation consumption in thermal plants and use in hydroelectric generation. Total water consumption has decreased significantly thanks to the sale of a large part of the thermal generation capacity in Mexico.

The change in stored water indicator reflects the state of the reservoirs at the end of the year. The value depends on the rainfall during the year and the different uses of the stored water that have been made, beyond the use linked to the production of electricity.

Entity-specific indicators

The following table breaks down total water withdrawal by source and water stress area, classified according to the [Aqueduct Water Risk Atlas](#).

Water withdrawal by source (¹⁸ML)

Extracción de agua por fuente	All areas 2024	Water stress areas 2024	All areas 2023	Water stress areas 2023
Surface water (river, lake, reservoir or wetland)	476,858	356,144	522,595	415,789
Seawater	907,429	170,230	1,196,465	759,521
Groundwater	2,549	2,381	2,647	2,451
Third-party water	12,395	5,597	23,656	9,387
Total	1,399,231	534,352	1,745,363	1,187,148

Total water withdrawal (ML)

Extracción total de agua	All areas 2024	Water stress areas 2024	All areas 2023	Water stress areas 2023
Fresh water	491,802	364,122	548,898	427,627
Other water	907,429	170,230	1,196,465	759,521
Total	1,399,231	534,352	1,745,363	1,187,148

Total water withdrawal is the sum of the various sources, and is obtained by direct measurement (flowmeters) or by estimating the output of the water withdrawal pumps.

99 % Of total water withdrawn is used in cooling processes. The rest of the water withdrawn corresponds to other ancillary services of the generation plants.

All of the withdrawals of water intended for use in generation are regulated strictly by government authorities, which issue the permits and determine the maximum permissible consumption volumes, to avoid significant negative effects.

After use in cooling and other auxiliary processes, 95% of the water withdrawn at thermal generation and cogeneration facilities returns to the environment.

¹⁸ 1 ML equals 1,000^{m3}.

Use of water in generation 2024 - Uptake (ML)¹⁹

Uptake	2024
Office water	485
Auxiliary process and services	8,057
Cooling	1,390,689
Total	1,399,231

Water discharge (ML)

All areas 2024	Water stress areas 2024	All areas 2023	Water stress areas 2023
1,337,682	479,691	1,665,559	1,130,324

Water discharge by destination (ML)

Destination	2024	2023
Sea	905,422	1,170,696
Rivers	131,799	119,540
Lakes and reservoirs	296,654	371,838
Purification network	3,807	3,485
Total	1,337,682	1,665,559

Discharge of water in fresh water or other waters is:

Total discharge by water type (ML)

Type of water	2024	2023
Fresh water	432,260	494,864
Other water	905,422	1,170,695

Discharged water that returns to the receptor environment does so in physicochemical conditions allowing it to be used by other users without affecting the natural environment. The discharge by treatment level is:

Water treatment (ML)

Treatment	2024	2023
No treatment	66,527	91,876
Primary treatment	242,109	335,813
Secondary treatment	999,591	1,097,244
Tertiary treatment	29,456	140,626

In 2024, no water-related impacts were recorded.

¹⁹ Withdrawal of water at the thermal generation facilities (coal, combined cycle, nuclear and cogeneration)

[ESRS E4] Biodiversity and ecosystems

1. Strategy

- **Disclosure Requirement [E4-1]: Transition plan and consideration of biodiversity and ecosystems in strategy and business model**

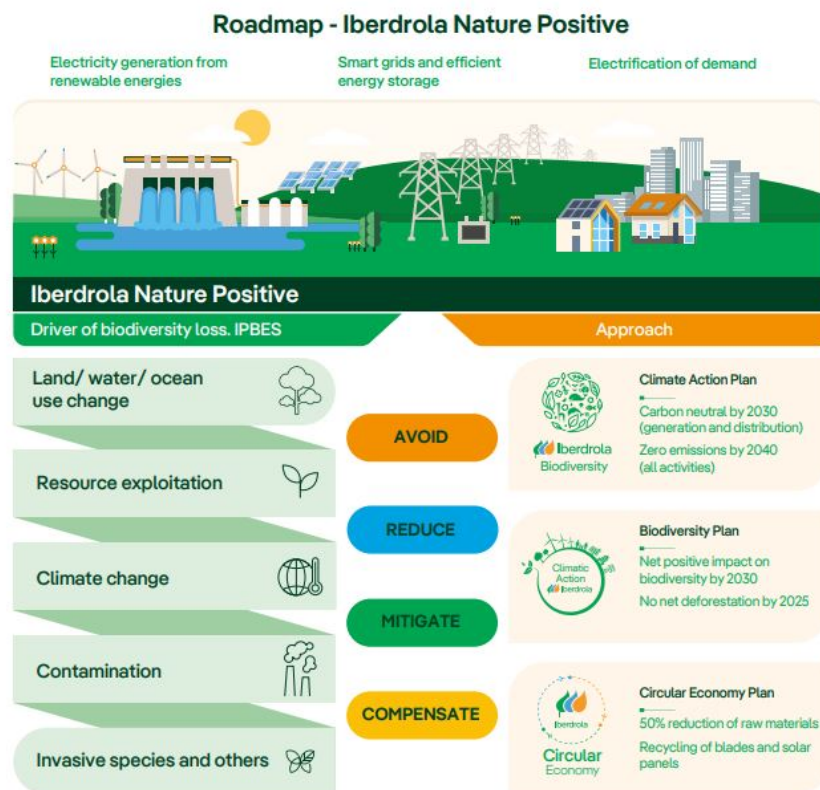
Company's activities have been guided by the principles of preserving, caring for and protecting the environment, in order to safeguard ecosystems and biodiversity and ensure the resilience of its operations. In recent years, the environmental crisis and the growing demand for energy have increased the need for a new energy model based on the use of electricity from renewable sources, the development of smart grids, efficient energy storage and the promotion of the electrification of demand as vectors for competitive and efficient decarbonisation. In addition to all these attributes, the model must integrate the conservation and promotion of biodiversity and the sustainable use of resources in all its activities and processes. The Iberdrola Group continues to work on the transition to this new energy model, which at the same time guarantees sustainable development, taking into account people's well-being and respect for nature.

In this context, the implementation of *Iberdrola's Climate Action Plan*, through planned investments in renewable energy generation, storage and smart grids, has a high degree of interaction with the territory. To ensure that the operations are carried out in harmony with nature, the Company has developed a roadmap to address the five drivers of biodiversity loss identified by the UN Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) in its latest report: (i) land and sea use change; (ii) direct overexploitation of species; (iii) climate change; (iv) pollution; and (v) the spread of invasive species. This roadmap is called "*Iberdrola Positive Nature*" and consists of:

- **The Climate Action Plan:** establishes an aspirational roadmap aimed at achieving carbon neutrality for Scopes 1 and 2 by 2030 and net zero emissions for all scopes, including Scope 3, by 2040 (expressed in CO₂eq). This Plan outlines, in general terms, the levers, actions and associated metrics that will contribute to the electrification of the Company's operations and promote the electrification of the economy (*section ESRS E1-1*).

- The Biodiversity Plan:** launched in 2022, this is the Company's transition plan to strengthen or implement mechanisms to achieve a net positive impact on biodiversity and drive cultural change towards “living in harmony with nature” (Vision 2050 of the United Nations Convention on Biological Diversity). The plan addresses the impact of the Iberdrola Group's activities on species and ecosystems throughout the lifecycle of its assets, taking into account the supply chain and the creation of environmental, economic and social value through ecosystem services. The plan establishes mechanisms to measure, act and support change to halt and reverse biodiversity loss. The plan also uses continuous improvement to identify and mitigate impacts and risks, and promote opportunities that contribute to reversing biodiversity loss.
- Circular Economy Plan:** defines the work guidelines and targets that will steer the company towards reducing the use of raw materials, advocating a greater use of renewable and recycled materials, improving the efficiency of our processes, products and services, and committing to maximising the value of waste so as to head into a future without unused waste (*chapter ESRS E-5*).

In addition to these plans, the Company has a global **Environmental Management System** that integrates the principle of pollution prevention in all of its processes and activities, which addresses this driver of biodiversity loss.



Resilience of the current business model and strategy to biodiversity and ecosystems-related physical, transition and systemic risks

The result of the double materiality analysis shows that Iberdrola's business model is not currently subject to any material risks related to biodiversity. In addition, the Company has carried out an analysis of the resilience of its strategy and business model in relation to the evolution of the condition of biodiversity and ecosystems, and its compatibility with the targets set by local, national and global policies and regulations related to biodiversity and ecosystems.

The inherent physical and transition risks related to biodiversity and ecosystems have been considered for this analysis and it has been qualitatively assessed whether the company, with the adopted mitigation tools and mechanisms in place, is resilient to these risks under the baseline nature scenario over the time horizons. Risks are assessed as low, medium or high, with only high risks considered material.

The scope of the resilience analysis covers own operations. Climate change risks are discussed in *section IRO-1 of chapter ESRS E1*. The resilience analysis takes as a reference scenario 2 of those defined by the Task Force on Nature-related Financial Disclosures (TNFD) entitled *Acting fast is key*. The assumptions used in this scenario are:

- Increased deterioration of the natural environment in the short- and medium-term (related physical hazards)
- An increased alignment between market and non-market forces in the short- and medium-term (related to transition risks), leading to increased pressure from regulators and Stakeholders.

Three time horizons are defined for analysing the risks in the chosen scenario: short-, medium- and long-term. The short-term is aligned with the period published by Iberdrola in its Long-term Strategic Prospects 2024-26. The medium-term 2026 – 2030 is defined by the targets set for 2030 and the long-term by the vision of the global framework for 2050. Future scenarios are insufficiently developed by the assessment frameworks (such as the TNFD). This situation makes it extremely difficult to carry out such assessments. Therefore, the short- and medium-term scenario analyses were carried out qualitatively by expert judgement. The long-term scenario analysis could not be carried out due to the lack of minimum definitions in the assessment frameworks.

It can be concluded from the analysis that Iberdrola's strategy and business model are resilient to the local and international context in the short- and medium-term, thanks to its *Iberdrola Positive with Nature roadmap*. Its three plans and various environmental policies are the fundamental tools that provide the companies of the Group with strategies and mechanisms to avoid and minimise risks and seize opportunities related to nature. The results of the resilience analysis show that the Group has risk mitigation, prevention and management measures and action plans in place that are sufficient in the short- and medium-term to respond to nature-related risks. In reference to biodiversity and ecosystem resilience, the Biodiversity Plan 2030 establishes that by 2025 all new developments and 20% of the generation assets in operation will be covered by a Biodiversity Action Plan (BAP), making them biodiversity neutral, and that by 2030 all the Group's assets will have a BAP. The evolution of the different risks identified over the different time horizons, although tending to increase, remains low or medium for individual assets and non-material for Iberdrola.

Resilience to physical risks

The inherent physical risks for biodiversity are site- and technology-specific, and are described below.

Physical risks from business interruption due to electrocution are not expected to increase significantly in the short- to medium-term due to the condition of the natural environment. They would be affected by the economic impact of repairing damage if penalties for species mortality were to increase due to species decline, but this would not be considered a material risk.

The physical risks from accidental fires are related to the condition of the natural environment, which in turn depends on climate change scenarios. The risk of fire could increase locally under climate scenarios of higher temperature increases, which could lead to higher repair costs (*see chapter ESRS E-1*).

The magnitude of the risks arising from the dependencies of regulation services, such as erosion or water quality, depends on the condition of the natural environment around the sites. In a scenario of natural degradation, these could increase in the medium term and affect activities, although they are considered non-material risks due to their low impact on operations.

The following table shows the tools and mechanisms implemented by Iberdrola to mitigate the inherent physical risks and the assessment of the materiality of each risk.

Physical hazard description	Mitigation tools and mechanisms	Magnitude of residual risk
Electrocution of species in electrical networks can cause operational downtime and damage to equipment.	<ul style="list-style-type: none"> • Biodiversity Plan • Pylon adaptation • Compacting substations • Undergrounding lines • Environmental liability insurance 	Low, Non-material
The impact of fires caused by the infrastructure on ecosystems can result in high costs to repair damage to the affected ecosystems.		Medium, Non-Material
Increased erosion in the vicinity of facilities can affect operations and lead to higher maintenance and repair costs.	<ul style="list-style-type: none"> • Biodiversity Plan – Nature-based solutions • Reforestation in river basins 	Low, Non-material
Deterioration of the natural environment can affect the quality of water resources, resulting in increased pre-treatment costs or impacts on generation operations.		Low, Non-material

Overall, the business model is therefore considered to be resilient to short- and medium-term physical risks, as no material risks have been identified.

Resilience to transition risks

In a scenario of deteriorating biodiversity and increasing alignment between market and non-market forces, transition risks are expected to gradually increase in importance in the short (2024-26) and medium term (2026-2030). As mentioned above, long-term assessments are not possible. Transition risks are compounded by the high uncertainty surrounding the achievement of the targets of the international biodiversity conservation and restoration frameworks considered in the reference scenario.

The trend of inherent transition risks is expected to increase moderately, which could hinder the implementation of some investments in specific renewable energy, network or storage projects, increase operating and maintenance costs or increase the risk of fines and penalties, but without significantly affecting the strategy and business plan.

The following table shows the inherent transition risks, the tools and mechanisms put in place to mitigate the transition risks, and the assessment of the materiality of each risk.

Transition risk description	Mitigation tools and mechanisms	Magnitude of residual risk
<p>Increased regulation and stricter policies to protect species and ecosystems, which could hinder the implementation of planned investments in renewables, grids and storage, or increase investment costs.</p>	<ul style="list-style-type: none"> • Biodiversity Policy • Biodiversity Plan 2030 • Net positive impact target • Avoid facilities in protected areas • Project portfolio diversity • Applying the mitigation and conservation hierarchy in projects • Impact reduction programmes in high-risk areas: • Adapting pylons and installing anti-collision and anti-electrocution systems • Undergrounding overhead lines. • Installing deterrent systems and detection cameras at wind farms. • Night and daytime shutdowns of wind turbines with speeds below 5 m/s. • Biodiversity Action Plans at facilities. 	<p>Medium, Non-Material</p>
<p>Tighter regulations to protect species and ecosystems, which could increase the OpEx of projects through increased operational requirements, increased fines and penalties, or production restrictions.</p>	<ul style="list-style-type: none"> • Biodiversity Policy • Biodiversity Plan 2030 • Net positive impact target • Impact reduction programmes in high-risk areas: • Adapting pylons and installing anti-collision and anti-electrocution systems / Undergrounding of overhead lines. • Installing deterrent systems and detection cameras at wind farms. • Night and daytime shutdowns of wind turbines with speeds below 5m/s. • Biodiversity Action Plans at facilities 	<p>Medium, Non-Material</p>

Transition risk description	Mitigation tools and mechanisms	Magnitude of residual risk
Possible opposition to the siting of new facilities in areas where services are provided (agriculture, livestock, forestry or fisheries).	<ul style="list-style-type: none"> • Biodiversity Plan 2030 • Internal launching of initiatives focusing on social and biodiversity aspects such as the Convive Project • Agrovoltaic projects • Identification and analysis of nature-related risks in new investments and operations. • Goal of Net Positive Impact on biodiversity by 2030 • Stakeholder Management Model. • Commitment to efficient water management. • Participation in alliances and working groups. 	Medium, Non-Material
Stricter financial requirements for nature-related impacts and dependencies may have a bearing on access to finance or investment.	<ul style="list-style-type: none"> • Iberdrola's positive with nature roadmap: Climate Action Plan, Biodiversity Plan and Circular Economy Plan. • Robust internal governance and investment plan • Biodiversity Action Plans • Internal control procedures • Transparency and disclosure of non-financial information through public and accessible channels. 	Low, Non-material
Increase in demands of Stakeholders.	<ul style="list-style-type: none"> • Excellence in maintaining the classification in sustainability-related indices and ratings 	Medium, Non-Material

No material transition risks are identified, and therefore it can be concluded that the mitigation tools and mechanisms adopted make Iberdrola's business model resilient to said risks over the time horizons considered in the analysis. The implementation of the *Biodiversity Plan* is a fundamental conduct to mitigate biodiversity transition risks.

The companies of the Group have processes in place to consult and collect information from the parties affected by their activities, whether during the construction or operation of their assets. This information has developed knowledge on how activities impact local communities and it has been integrated into the Company's policies and into the [Biodiversity Plan 2030](#).

▪ **Disclosure Requirement [SBM-3]: Material impacts, risks and opportunities and their interaction with strategy and business model**

The Company has applied the *LEAP* (Locate, Evaluate, Assess and Prepare) approach to identify its material sites for biodiversity purposes. The results and the degree of implementation of the *Biodiversity Plan* have been taken into account to determine the material sites:

- The location of the sites relative to the sensitivity of the area.
- Materiality of impact.
- Existence of a *Biodiversity Action Plan*.

Material sites were therefore defined as sites that are located in sensitive areas, or that have significant impacts or dependencies, and that have not yet developed a biodiversity action plan in accordance with the [Biodiversity Plan 2030](#). The material sites are listed in this section.

The following table summarises the results of the analysis of the materiality of the sites in relation to biodiversity. In addition to their materiality, it indicates the proportion of material sites that are located in biodiversity sensitive areas, the types of sensitive areas, and the type of biodiversity impacts and dependencies identified.

Material negative impacts have been identified in connection with the condition of ecosystems, in particular soil degradation, desertification and soil sealing, as a result of the construction of new facilities. Group companies implement measures to prevent and mitigate these impacts. These measures include carrying out environmental impact assessments before starting construction projects, using sustainable construction methods and restoring affected habitats. In addition, the companies of the Group work to develop ecological corridors and protected areas that facilitate the conservation of biodiversity and the movement of species, ensuring that the development of energy infrastructure is in harmony with the natural environment.

The Group's activities may also have an impact on endangered species. These potential negative impacts are addressed and mitigated through various mitigation and conservation strategies and measures.

Awareness of the species living in the vicinity of facilities is fundamental to avoiding impacts on them. Iberdrola identifies the endangered species included in the *International Union for the Conservation of Nature* (UICN) Red List and in the national and regional lists of the areas in which it operates that may be affected by its activities.

In addition, monitoring programmes and research projects are carried out on species with a view to learning more about their patterns of behaviour and incorporating this knowledge into operation and maintenance criteria. Some of these actions are listed *in section E4-3*.

Materiality of sites in relation to biodiversity

Country subholding company	Country	Technology	Total no. of facilities	Material facilities (%)	Material facilities in sensitive areas %	Sensitive area type	Impacts	Dependencies
Avangrid	United States	Cogeneration	1	100%	0%		Direct drivers - climate change	
Avangrid	United States	Onshore wind	72	0%	0%			
Avangrid	United States	Photovoltaic	7	14%	0%		Direct drivers - Other (Disturbance to biodiversity and species displacement), Direct drivers - land/freshwater/sea use change, Provisioning ecosystem services	
Avangrid	United States	Combined cycle	3	33%	33%	COM		
Avangrid	United States	Hydroelectric	9	100%	0%		Species - Species habitat fragmentation	Soil and sediment retention services
Iberdrola España	Spain	Combined cycle	7	0%	0%			
Iberdrola España	Spain	Cogeneration	17	6%	6%	PS and HVB		
Iberdrola España	Spain	Onshore wind	207	34%	19%	PS, HVB, COM	Impacts on the condition of species - collisions	
Iberdrola España	Spain	Photovoltaic	28	32%	29%	PS, HVB	Direct drivers - Other (fire), Direct drivers - Other (Disturbance to biodiversity and species displacement), Direct drivers - land/freshwater/sea use change, Provisioning ecosystem services	
Iberdrola España	Spain	Hydroelectric	113	88%	58%	PS, HVB, COM	Species - Species habitat fragmentation	Soil and sediment retention services
Iberdrola España	Spain	Hydrogen	2	0%	0%	NA		
Iberdrola España	Spain	Nuclear	5	20%	20%	PS, HVB		

Country subholding company	Country	Technology	Total no. of facilities	Material facilities (%)	Material facilities in sensitive areas %	Sensitive area type	Impacts	Dependencies
Iberdrola España	Portugal	Hydroelectric	3	100%	33%	PS, HVB	Species - Species habitat fragmentation, Direct drivers - Other (Disturbance to biodiversity), Direct drivers - land/freshwater/sea use change, Ecosystems - Change in condition and extent of ecosystems, Provisioning ecosystem services	Soil and sediment retention services
IEI	Germany	Offshore wind	1	0%	0%			
IEI	Australia	Batteries	1	100%	100%	COM		
IEI	Australia	Onshore wind	9	100%	100%	COM		
IEI	Australia	Photovoltaic	2	100%	100%	COM		
IEI	Australia	Combined cycle	2	100%	100%	COM		
IEI	Cyprus	Onshore wind	1	100%	100%	PS		
IEI	France	Offshore wind	1	0%	0%			
IEI	France	Onshore wind	11	18%	0%		Impacts on the condition of species - collisions	
IEI	Greece	Onshore wind	23	35%	35%	PS, HVB		
IEI	Greece	Photovoltaic	4	0%	0%			
IEI	Hungary	Onshore wind	5	20%	20%	PS, HVB		
IEI	Italy	Photovoltaic	3	67%	0%		Direct drivers - Other (fire), Direct drivers - Other (Disturbance to biodiversity and species displacement), Direct drivers - land/freshwater/sea use change, Provisioning ecosystem services	
Iberdrola Mexico	Mexico	Combined cycle	2	100%	50%	COM	Direct drivers - climate change	
Iberdrola Mexico	Mexico	Cogeneration	4	50%	50%	COM		

Country subholding company	Country	Technology	Total no. of facilities	Material facilities (%)	Material facilities in sensitive areas %	Sensitive area type	Impacts	Dependencies
Iberdrola Mexico	Mexico	Onshore wind	7	43%	43%	HVB, COM		
Iberdrola Mexico	Mexico	Photovoltaic	3	33%	33%	COM		
IEI	Poland	Onshore wind	5	0%	0%			
IEI	Portugal	Onshore wind	3	67%	67%	PS, HVB		
IEI	Portugal	Photovoltaic	6	33%	0%		Direct drivers - Other (fire), Direct drivers - Other (Disturbance to biodiversity and species displacement), Direct drivers - land/freshwater/sea use change, Provisioning ecosystem services	
Neoenergia	Brazil	Combined cycle	1	0%	0%			
Neoenergia	Brazil	Onshore wind	44	45%	45%	EP, COM		
Neoenergia	Brazil	Photovoltaic	2	100%	100%	COM		
Neoenergia	Brazil	Diesel generation	1	100%	100%	PS, HVB		
Neoenergia	Brazil	Hydroelectric	5	20%	20%	HVB	Species - Species habitat fragmentation	Soil and sediment retention services
ScottishPower	United Kingdom	Offshore wind	2	100%	100%	PS		
ScottishPower	United Kingdom	Onshore wind	38	8%	0%		Species	
ScottishPower	Ireland	Onshore wind	1	0%	0%			

Country subholding company	Country	Technology	Total no. of facilities	Material facilities (%)	Material facilities in sensitive areas %	Sensitive area type	Impacts	Dependencies
ScottishPower	United Kingdom	Photovoltaic	2	50%	0%		Direct drivers - Other (fire), Direct drivers - Other (Disturbance to biodiversity and species displacement), Direct drivers - land/freshwater/sea use change, Provisioning ecosystem services	
Total group	NA	All	663	40%	27%		Direct drivers - climate change, Direct drivers - land/water use change, Direct drivers - other (fire), Direct drivers - other (disturbance to biodiversity and species displacement), Direct drivers - land/water use change, Impacts on condition of species - Collision, Species - Species habitat fragmentation, Ecosystems - change in condition and extent of ecosystems, Ecosystem services of provisioning	

Materiality in networks

Networks in biodiversity-sensitive areas are considered material.

Country subholding company	Country	Type	Area occupied (ha)	Sensitive area (%ha)	Sensitive area type	Impacts	Dependencies
Avangrid	United States	Transmission	48,982	2%	PS, HVB	Species - Electrocutation and collision, Ecosystems - Other (fire)	Fire protection services and mitigation services against storms, etc.
Avangrid	United States	Distribution	80,685	2%	PS, HVB	Species - Electrocutation and collision, Ecosystems - Other (fire)	Fire protection services and mitigation services against storms, etc.
Neoenergia	Brazil	Transmission	18,253	4%	PS, HVB	Species - Electrocutation and collision, Ecosystems - Other (fire)	Fire protection services and mitigation services against storms, etc.
Neoenergia	Brazil	Distribution	1,001,595	12%	PS, HVB	Species - Electrocutation and collision, Ecosystems - Other (fire)	Fire protection services and mitigation services against storms, etc.
Iberdrola España	Spain	Distribution	217,545	32%	PS, HVB	Species - Electrocutation and collision, Ecosystems - Other (fire)	Fire protection services and mitigation services against storms, etc.
ScottishPower	United Kingdom	Transmission	30,335	9%	PS, HVB	Species - Electrocutation and collision, Ecosystems - Other (fire)	Fire protection services and mitigation services against storms, etc.
ScottishPower	United Kingdom	Distribution	60,217	12%	PS, HVB	Species - Electrocutation and collision, Ecosystems - Other (fire)	Fire protection services and mitigation services against storms, etc.

2. Impact, risk and opportunity management

- Disclosure requirements related to [IRO-1]: Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities**

The dependencies, incidents, risks and opportunities (IROs) have been determined and evaluated through the process described in *section IRO-1 of chapter ESRS 2*. In that analysis, the following material impacts of activities were identified, classified by factors of direct impact, impact on the condition of ecosystems, impact on the condition of species and impacts on ecosystem services:

Own activities	Material impacts	Technologies with material impacts
Direct impact drivers	Climate change	Cycles, Cogeneration and diesel generation
	Land-use, freshwater-use and sea-use change	New generation or network infrastructure projects
	Other (fire)	Networks, Photovoltaic
	Other (Disturbance to biodiversity and species displacement)	New generation or network infrastructure projects
Impact on the condition of ecosystems	Change in condition and extent of ecosystems	New generation or network infrastructure projects
	Fires	Networks, Photovoltaic
Impacts on the condition of species	Electrocutions and collisions Habitat fragmentation	Networks, onshore and offshore wind Hydroelectric
Impacts and dependencies on ecosystem services	Provisioning ecosystem services	New generation or network infrastructure projects

The analysis covers electricity generation, transmission and distribution of electricity, and storage facilities (batteries and pumped hydro).

In addition, the *LEAP* (Locate, Evaluate, Assess and Prepare) approach was used to identify and assess site issues and dependencies, as shown below.

Impact and dependency identification and assessment process

Following the recommendations of the LEAP approach, the relevant sites have been located in terms of interaction with biodiversity and ecosystems, identifying and assessing the real or potential impacts on biodiversity and determining the physical sites. This site-level analysis is part of the double materiality analysis that has been carried out.

The first step was to carry out a geospatial analysis with territorial sensitivity layers on the Iberdrola Group's inventory of sites. Thus, for each site, this analysis identified its location in relation to areas of biodiversity importance, areas of high ecological integrity and areas important for services provided to local communities or indigenous peoples. Once analysed with these layers of information, the sites were categorised as “non-sensitive”, “sensitive” and “highly sensitive” according to their location in relation to these areas. Highly sensitive sites were considered a priority in terms of the sensitivity of the area.

In a second step, impacts were identified by site according to the process described in [section IRO-1 of chapter ESRS 2](#). To assess the impacts identified, metrics were defined and criteria established for each impact. Finally, after data collection, the severity was calculated per site. The severity values were ranked as *low*, *medium*, *high* and *very high*. Impacts are classified as material if their severity at the specific site is high or very high.

Process for identifying and assessing site dependencies, including a description of the criteria used.

The ENCORE²⁰ tools and the STBN²¹ materiality tool were used as a starting point to identify and assess site dependencies related to nature. The results were cross-checked with the results of the assessment carried out by the Spanish Energy Sector Natural Capital Working Group and the natural capital assessments carried out by the companies of the Group. This identified the ecosystem services that nature and biodiversity provide to the technologies that the Group operates, on which its activities depend. Both the classification proposed by the *System of Environmental Economic Accounting (SEEA)* and that produced by the *Common International Classification of Ecosystem Services (CICES)* were used to identify these ecosystem services.

Technologies with inherent dependencies on nature are shown below.

Function	Dependencies	Technologies with dependencies
Physical inputs	Water supply	Hydroelectric, Thermal, Hydrogen
	Other: Wind	Onshore and offshore wind
	Other: Solar radiation	Photovoltaic
	Other: availability of mineral and non-mineral resources	Thermal
Enables production process	Rational water use	Hydroelectric, Thermal, Hydrogen
	Flow regulation services	Hydroelectric and Thermal
Protection against interruptions	Soil and sediment retention services	Hydroelectric
	Protection against fires	Networks, Photovoltaic and Batteries
	Mitigation services against storms, floods, extreme temperatures.	Hydroelectric, networks, photovoltaic, batteries

²⁰ ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure)

²¹ Materiality screening – Science Based Targets Network

The assessment of the dependencies was carried out by assimilating the qualitative assessment of the dependencies identified at the technological level to that of the sites.

Value chain impacts and dependencies

The Company identifies the potential impacts and dependencies of its value chain as described in *section SBM-1 of chapter ESRS 2*. It has identified the consumption of materials containing wood as a potential impact, and due to its relevance to biodiversity conservation, the Company is working to avoid deforestation in its supply chain from 2025. To this end, its suppliers must have due diligence policies and systems in place to ensure their services are compliant.

Process for identifying and assessing risks and opportunities

For years, the Company has been analysing and identifying the environmental risks of its activities and processes as part of its Comprehensive Risk Control and Management System. This system is supervised and governed by a Risk Committee and by the independent and specialised Internal Audit and Risk Division, reporting functionally to the Audit and Risk Supervision Committee, which in turn analyses and quantifies the risks present in the Group's main businesses and corporate functions.

It has therefore updated its risk and opportunity analysis, using the LEAP approach (Locate, Evaluate, Assess and Prepare) to identify biodiversity-related risks and opportunities.

Nature-related physical risks

Nature-related physical risks are risks to an organisation stemming from the degradation of nature and the consequent loss of ecosystem services supporting economic activity. These risks can be chronic (e.g. increasing erosion rates leading to increased dam maintenance costs) or acute (e.g. caused by extreme events such as fire or spills).

The inherent physical risks related to nature have been identified based on the identified material impacts and dependencies, as shown below:

Impacts/Dependency	Inherent physical risk	Technologies
Impacts on the condition of species <ul style="list-style-type: none"> Electrocution of species in networks (impact) 	Operational shutdowns for repairs following electrocutions on electrical networks.	Electricity networks
Direct impact drivers <ul style="list-style-type: none"> Accidental propagation of fires (impact) 	The impact of fires caused by the infrastructure on ecosystems could result in high costs to repair damage to the ecosystems and assets affected.	Electricity networks
Soil and sediment retention services (dependency)	Increased erosion in the vicinity of hydroelectric facilities can affect operations and lead to higher maintenance and repair costs.	Hydroelectric
Water quality regulation service (dependency)	Deterioration of the natural environment can affect the quality of water resources, which could result in increased pre-treatment costs or impacts on generation operations.	Green hydrogen, Thermal, Hydroelectric
Flow regulation services (dependency)	Operational shutdowns due to changes in available flow rates.	Hydroelectric, Thermal
Fire protection services (dependency)	Operational shutdowns due to infrastructure damage caused by fires in the vicinity. Costs associated with asset repairs.	Networks, Photovoltaic, Batteries, Onshore wind
Mitigation services against storms, floods, extreme temperatures (dependency)	Operational shutdowns for repairs following extreme weather events.	Hydroelectric, Networks, Wind, Photovoltaic, Batteries

Nature-related transition risks

Nature-related transition risks are those resulting from a misalignment between economic agents and their actions aimed at protecting, restoring and/or reducing negative impacts on nature. These risks can be prompted, for example, by changes in regulations and policies, legal precedent, technology, or shifts in investor perceptions and consumer preferences.

The inherent transition risks related to nature were identified from the materiality occurrences and dependencies identified in DP 17 a and b as shown below:

Impacts/Dependency	Inherent transitional risk	Technologies
<p>Direct impact drivers:</p> <ul style="list-style-type: none"> • Occupation and change of land use new developments • Water supply, water quality • Disturbance to wildlife • Fire <p>Impact on the condition of ecosystems</p> <p>Impact on the condition of species</p> <ul style="list-style-type: none"> • Electrocution or collision of species • Territorial fracturing 	<p>Increased regulation and stricter policies on species and ecosystem protection that limit and reduce opportunities for renewable energy development, could increase CAPEX and/or increase delays/rejections of project approvals in implementing measures.</p> <p>Stricter species and ecosystem protection regulations that could increase project OpEx and/or increase potential fines and penalties and/or reduce production.</p>	<p>Photovoltaic, Wind, Hydroelectric, Hydrogen, Batteries and Networks</p>
<p>Direct impact drivers:</p> <ul style="list-style-type: none"> • Occupation and change of land use new developments • Water supply, water quality <p>Impact on the condition of ecosystems</p> <p>Impact on the condition of species</p> <ul style="list-style-type: none"> • Electrocution or collision of species • Territorial fracturing 	<p>Stricter financial requirements for nature-related impacts and dependencies may have a bearing on access to finance or investment.</p>	<p>Photovoltaic, Wind, Hydroelectric Hydrogen, Batteries and Networks</p>
<p>Direct impact drivers:</p> <ul style="list-style-type: none"> • Occupation and change of land use new developments <p>Impact on the condition of ecosystems</p> <p>Impact on the condition of species</p> <ul style="list-style-type: none"> • Electrocution or collision of species 	<p>Increase in demands of Stakeholders.</p>	<p>Photovoltaic, Wind, Hydroelectric Hydrogen, Batteries and Networks</p>
<p>Impacts and dependencies on ecosystem services</p> <ul style="list-style-type: none"> • Provisioning ecosystem services <p>Direct impact drivers:</p> <ul style="list-style-type: none"> • Occupation and change of land use new developments 	<p>Potential conflicts with interested parties when establishing new developments in areas where services are provided (agriculture, forestry or fisheries) may limit the opportunities for new developments.</p>	<p>Photovoltaic, Offshore wind, Hydroelectric</p>

Evaluation of risks

A risk assessment by technology was conducted, resulting in the conclusion that there are no material risks related to biodiversity. The process is described in [section IRO-1 of chapter ESRS 2](#). In addition, the resilience analysis, which assesses the risks with the chosen scenarios and time horizons, is presented in [section E4-1](#).

Nature-related systemic risks are risks to an organisation that arise from the failure of the whole system, as opposed to the failure of individual parts. These risks typically involve tipping points which combine indirectly to cause major failures, where one loss triggers a chain of other losses and prevents the system from functioning. The Company has not identified incidences or dependencies that result in systemic risk.

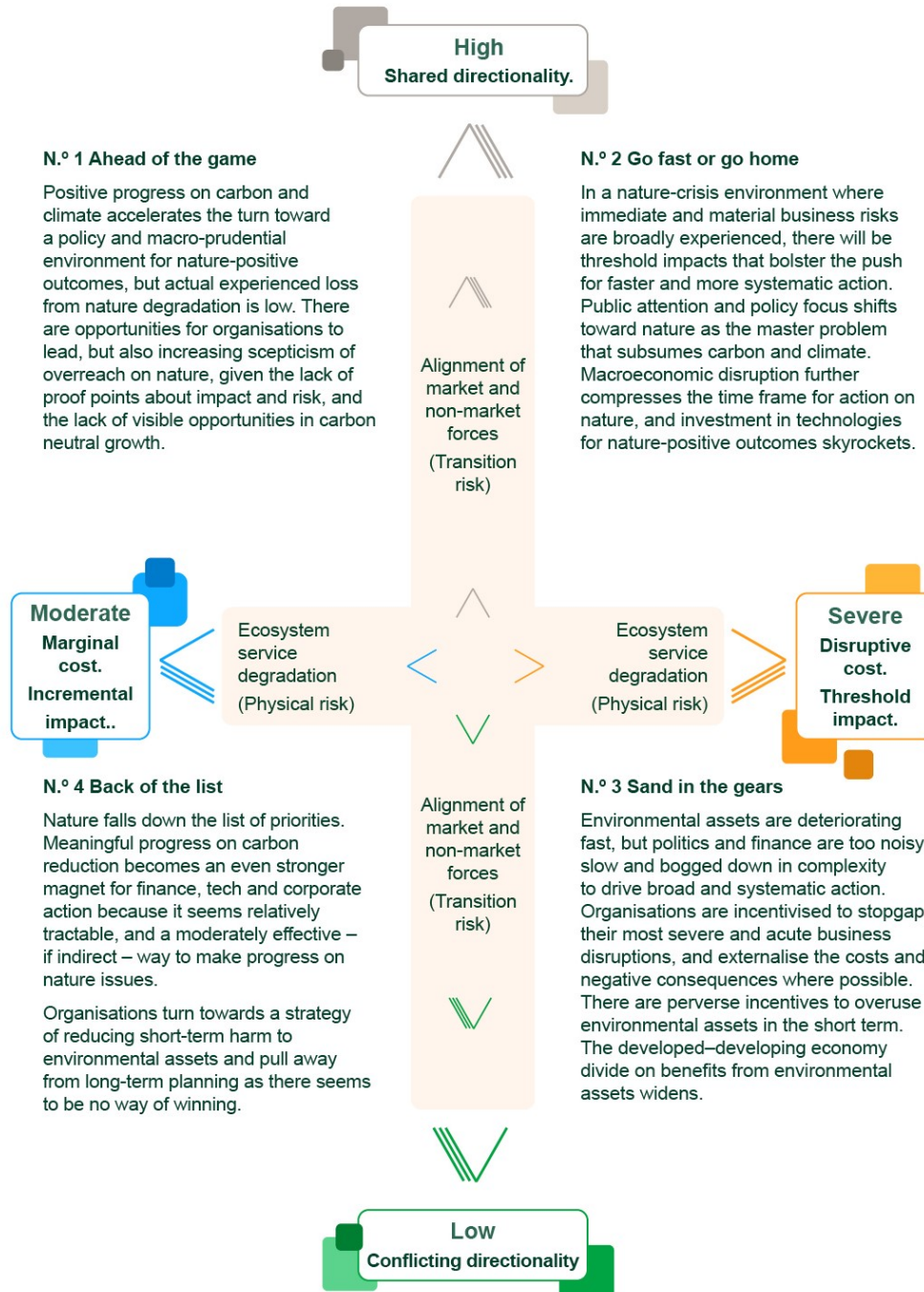
In their materiality analysis, the companies of the Group have considered facilities important based on the services provided to local communities or indigenous peoples ([see section E4-1](#)). Consultation with local communities or indigenous peoples on the potential impact of the company's operations on the services provided is established both prior to construction in the Environmental Impact Assessment processes and during operation ([see section S3-4](#)).

The main nature-related risks and opportunities to be expected were assessed under different scenarios taking into account possible critical physical events (both short-/medium- term acute and long-term chronic) and transitional events (arising from possible changes in the regulatory, technological, reputational or market framework).

Scenario analysis

The Company has used the biodiversity and ecosystem scenario analysis to identify and assess material risks and opportunities over short-, medium- and long-term time horizons. Following the recommendations of the *Taskforce on Nature-related Financial Disclosures (TNFD)*, four possible scenarios were identified, organised around two axes of critical uncertainties related to ecosystem degradation (physical risks) and the alignment of market and non-market forces (transition risks).

Predetermined risk scenarios selected with the nature of the TNFD



The TNFD represents the most robust and recognised assessment framework for conducting a resilience analysis with nature.

The transition risks axis is based on the following policy frameworks: the European Biodiversity Strategy 2030, the *Kunming-Montreal 2022 Convention* and the European Nature Conservation Act, as these are key frameworks that set ambitious scenarios for nature restoration and conservation. In addition, the Paris Agreement was considered, as part of the identified risks are related to dependencies on ecosystem services for climate regulation. This first scenario analysis does not take into account local differences in the configuration of the scenarios, which affect the assessment of risks in different geographical locations and different continents.

For the physical risk axis, this first approximation shows a high but not extreme degradation of nature. As nature takes time to recover, the impact of policies on the condition of the natural environment will be felt in the medium to long term. Therefore, higher degradation is expected in the short to medium term and lower degradation in the long term.

The scenarios will be updated according to TNFD recommendations.

The Group has assets in biodiversity sensitive areas, although its activities do not necessarily have a negative impact. In fact, some of these sensitive areas have been created by the presence of hydroelectric infrastructure. The list of facilities in or near biodiversity sensitive areas is included *in section E4-5* of this topical standard.

As indicated in the Resilience plan, numerous management measures related to biodiversity and ecosystems have been identified. In addition, based on the results of the Environmental Impact Assessment (EIA) carried out as part of the project, Iberdrola is implementing different measures according to the mitigation hierarchy.

■ Disclosure Requirement [E4-2]: Policies related to biodiversity and ecosystems

The Company has approved its *Biodiversity Policy*, which establishes the principles of conduct for the development of a business model in harmony with nature, and aligned with the Kunming-Montreal Global Biodiversity *Framework 2022*, so that its activities protect and promote the development and growth of natural heritage.

This *Biodiversity Policy* establishes the main principles of conduct for these purposes, including: protect biodiversity and ensure the sustainable use of natural capital; identify, quantify and continuously assess the impacts and dependencies of the Group's activities; work with Stakeholders; and enhance, raise awareness and communicate its biodiversity-related conduct internally and externally with transparency.

The *Biodiversity Policy* is complemented by the *Climate Action Policy* and the *Environmental Policy*, which address aspects related to the fight against climate change, the protection of the environment and the prevention of pollution.

The three policies mentioned above address all the direct drivers of biodiversity loss and define as principles of conduct the identification and establishment of invasive species management plans, the development of plans to monitor flora and fauna, particularly protected or vulnerable species, the prevention or reduction of deforestation associated with operations and the value chain and the maintenance of ecosystem services.

In these policies, the Company expresses the principle to avoid locating new infrastructure projects in areas protected for their ecological, biological, cultural and/or scenic value, or in areas classified as having a high biodiversity value, when the value of such areas could be affected, and to promoting the development of areas of special protection or private conservation.

To implement the provisions of the policies, the need is recognised to apply the principle of the mitigation hierarchy (avoid, minimise, restore and ultimately compensate) in all phases of the operating lifetime of projects and facilities.

In respect of the identification and management of biodiversity risks, the *Biodiversity Policy* requires the integration of biodiversity into internal strategic planning processes, decision-making, analysis, management and reporting of long-term risks, and the ongoing identification and assessment of the Group's dependencies on natural capital.

With regard to the value chain, the Iberdrola group, aware that its links are global and that not all of them have sufficient traceability mechanisms, will promote the identification of impacts, risks and opportunities related to the protection of biodiversity throughout its value chain.

This policy is aligned with the objectives of the *Kunming-Montreal 2022 Global Biodiversity Framework*.

This policy was designed taking into account the interests and needs of Iberdrola's main Stakeholders as identified through the Stakeholder Engagement Model detailed in the disclosure requirement *section SBM-2 of chapter ESRS 2*. These needs include the avoidance of deforestation, the identification and mitigation of negative impacts on biodiversity, and the collaboration of the Group's companies collaboration with the same Stakeholders, taking into account their needs and expectations on an ongoing basis.



Environment

Channels	Type of communication	Frequency of use	Significant issues
Corporate website and reports	Informative	Ongoing	Climate change and decarbonisation
Inspections and audits	Consultation	Regular	Biodiversity
Alliances, partnerships, events and conferences	Participatory	Regular	Sustainability indices
			Environmental management
			Present and future of the sector (energy transition)
			Circular economy

In addition, the Company includes certain principles related to the management of its environmental impacts in several of its policies.

In relation to the social consequences of its biodiversity impacts, at the Group level, the [Policy on Respect for Human Rights](#) adopts and promotes the basic principle of identifying the potential impacts that operations and activities carried out directly or through its third parties can have for human rights, all of which is described in [chapter ESRS S-3](#).

Communities are among the Stakeholders that may be potentially or directly impacted by the Group's activities. Multiple actions are implemented to prevent and/or mitigate the impacts, including responsible supply measures that take into account the rights of communities to access natural resources and respect for the rights of indigenous peoples and minorities.

In its [Purchasing Policy](#), the Company promotes strict compliance by suppliers with contractual conditions and applicable legal provisions, paying attention to respect for the environment and the principles set out in the [Policy on Respect for Human Rights](#).

The Innovation, Sustainability and Quality Division (or such division as assumes the powers thereof at any time) is responsible for supervising the implementation of the [Biodiversity Policy](#).

■ Disclosure Requirement [E4-3]: Actions and resources related to biodiversity and ecosystems

The priority lines of action defined in the [Biodiversity policy](#) and the mechanisms and tools defined in the [Biodiversity Plan 2030](#) are integrated into the management of the operational units in action programmes and specific actions.

Actions related to the direct impact drivers of biodiversity loss.

Implementation of a biodiversity accounting framework for the Group.

Ecological processes in nature are complex, as is establishing indicators and metrics that aggregate the state and impact of a wide range of activities on biodiversity. Many methodologies have emerged in recent years to measure different aspects of biodiversity from different perspectives and in different contexts, but there is still no standardised global protocol for measuring biodiversity impacts at the corporate level in the same way that greenhouse gas emissions are measured in tonnes of CO₂ equivalent.

Therefore, the [Biodiversity Plan 2030](#) has defined an accounting framework for the net biodiversity balance applicable to the companies of the Group. This framework allows for the quantification and consolidation of the net balance of impacts for each consolidated facility, country and business. In this way, Iberdrola Group will know the degree of progress on its target, which will enable it to adjust biodiversity action plans if necessary. The framework is applicable to all facilities and countries.

The ecosystem condition metric, applied to new developments, measure the change in the extent and condition of ecosystems in equivalent hectares before and after the implementation of the facility. Ecosystem condition is assessed using various indicators such as land use, vegetation cover, presence of protected species, etc.

The species metric applied to facilities in operation measures the balance between impacts and actions on species. The species index, calculated using potential or actual impact data and protection category, is used to prioritise actions.

As detailed in [section E4-4](#), compliance with the target is monitored by the percentage of facilities that have measured their impact on ecosystems and species and established a neutrality plan, which, in addition to the overall measures, is consolidated to achieve a positive result at the subholding level.

The implementation of these metrics in its operational areas has continued in 2024. Specifically, it continued with the pilot projects of the ecosystem metrics and trained more than 190 professionals in the implementation thereof.

In addition, in 2024, the implementation of the species tool continued in all countries, allowing work on the *Species Action Plan* to be carried out, establishing the baseline, target species and identifying actions in the various *subholding* companies.

The conceptual framework was defined with the *Biodiversity Plan*, launched in 2022. For new developments, implementation is planned for 2025. For assets in operation, a phased implementation through technologies is being developed, with full implementation in 2030.

The framework has been defined through continuous communication with its Stakeholders.

Environmental Impact Assessment (EIA) Processes

The Group's companies use EIAs to avoid building new infrastructure projects in areas protected due to their ecological, biological, cultural and/or scenic value, or in areas classified as high biodiversity value, when the value of these areas would be affected, unless there are no viable alternatives. Where significant impacts have been identified, the project is modified using best available techniques and measures identified as being necessary to correct and minimise them.

EIAs therefore contribute in a decisive way to the principle of protecting and promoting biodiversity and for applying the mitigation and conservation hierarchy (avoid, minimise, restore and, ultimately, compensate) to the management of impacts in all phases of infrastructure projects, in line with the company's Nature Positive vision, as set out in its [Biodiversity Policy](#). They also contribute to biodiversity targets, which include a net positive impact on biodiversity by 2030 and no net deforestation by 2025.

Different time horizons are considered depending on the type and scope of the project to be undertaken. However, the process of conducting a comprehensive EIA starts from the moment the project idea is conceived until the end of the life of the facility.

The process comprises several phases. Once the need for the project has been established, the potential environmental impacts are identified by analysing the existing environmental conditions and the detailed characteristics of the project and possible design alternatives.

In this way, the EIA is able to predict how the project will affect elements such as air, water, soil, flora and fauna, climate and landscape, as well as people's health and well-being. On the basis of this assessment, preventive, corrective or compensatory strategies to minimise negative impacts are developed and integrated into an environmental management plan, including monitoring to ensure that the measures are properly implemented.

All of this is documented in an EIA report that summarises the findings and recommendations. This report is reviewed by the authorities, who make the final decision on whether to approve the project depending on whether the environmental impacts have been satisfactorily addressed. Finally, ongoing monitoring is put in place to ensure compliance with permit conditions and the effectiveness of mitigation measures.

Applicable law ensures the consultation and participation of interested parties and government authorities during the preparation of environmental impact studies. In addition, the project documentation is subject to public review for a period of time that varies according to the applicable law in each country.

In addition to these legal requirements, the Company has implemented the Stakeholders Relations Model, as well as a specific Recommendations Guide for Conducting Public Consultations. All these mechanisms contribute to ensuring that the standpoints of the Stakeholders consulted will be taken into account in defining the future project. Once this process has ended and during construction, the companies of the Group work with their Stakeholders, seeking to ensure that the environmental impact is as low as possible, restoring the affected areas and offsetting residual impact.

Actions related to the direct impact drivers: climate change

Actions related to climate change are described in the disclosure requirements described in sections [E1-1](#) and [E1-3](#).

Actions related to the direct impact drivers: Other (Disturbance to biodiversity and species displacement)

The Companies of the Group implement a wide range of measures to minimise the impact of their construction and operations on wildlife through conflicts caused by disturbance or displacement of species. At the planning stage, the EIA processes seek alternatives for project siting that minimise the impact on species, and measures are taken to promote their protection and conservation in the design, construction or operation of projects. Measures are also taken to maintain and improve ecological corridors.

During the construction phase, field studies are carried out prior to work and the work schedule is adjusted to avoid work during critical periods of species reproduction. In operational facilities, work is continuously undertaken to improve the identification of impacts and the implementation of new wildlife protection methodologies.

Actions are carried out in the different project phases as indicated above.

As described in the EIA action, the Company has implemented mechanisms for ongoing consultation with its Stakeholders during the different project phases. These mechanisms help to ensure that the points of view of the consulted Stakeholders are taken into account when defining actions.

Actions relating to the prevention, reduction and mitigation of fires caused by the operation of facilities

Fire prevention plans are implemented that include actions to prevent, reduce and mitigate fires that could occur in or be caused by facilities, personnel or contractors. These actions implement principles relating to the protection of biodiversity and prevention of impacts set out in the [Biodiversity Policy](#).

Among others, these actions include the control of vegetation along power lines and around photovoltaic plants.

This type of work on power lines is carried out on a recurring basis at all the Group companies that carry out network activities (Avangrid, Iberdrola España, Neoenergia and ScottishPower).

The Company has implemented mechanisms for ongoing consultation with its Stakeholders; see Stakeholder Engagement Model. These mechanisms help to ensure that the points of view of the consulted Stakeholders are taken into account when defining actions.

Actions related to the impacts on the condition of species

The Group's companies operate on the principle of minimising the impact of its facilities on wildlife and take steps to promote their protection and conservation. It pays particular attention to the impact of its networks on wildlife, especially birds. A number of measures have been taken, ranging from the modification of pylons to the implementation of new bird protection methods. Work is also continuing on innovative bird detection and identification systems to activate the shutdown of the wind turbines in our wind farms when birds or bats pass over them. Some of the most significant actions are described below.

The Company has implemented mechanisms for ongoing consultation with its Stakeholders, described in section SBM-2. These mechanisms help to ensure that the points of view of the consulted Stakeholders are taken into account when defining actions.

Programmes for the protection of birdlife and bats

In Spain, the aim of the Improvement of the overhead network project is to reduce the impact on birdlife caused by the presence of power lines and is a continuation of the previous ALETEO programme. This project extends the scope of conduct for the correction and adaptation of pylons, not only to the protection areas of RD 1432/2008, but also to the entire territory where the Group operates. In addition, this project aims to design, control and evaluate the implementation of effective measures to eliminate the impact on birdlife. A structural measure, sustainable over time, is the insulating material crossarm developed for supports with simple reinforcement in mooring and suspension and for lines with voltages of less than 20kV, with this type of support accounting for 70% of the supports that we have to adapt. Pilots are being carried out in all the Autonomous Communities and monitored by external technicians. The results obtained are very satisfactory and we will soon begin to install them on a massive scale.

The current improvements made to the power lines include, among others, lining the different phases and connections of the pylons, increasing the safety distance, changing the insulators to extend the chain or install other types of rods, replacing the crossbars with others specially designed to protect birds and installing anti-bird nesting devices. Crossarms made of insulating material are due to be installed shortly.

During this period, i-DE has retrofitted numerous pylons in all the provinces where we have a presence. The project for the large-scale adaptation of pylons to prevent electrocution has been running at a good pace for five years and we are already seeing a reduction in the number of electrocutions every year. The aim is to reduce electrocutions as much as possible.

The programme, which began in 2018, aims to adapt a large number of pylons, as well as those in the inventory of dangerous lines published by the Autonomous Communities and those where electrocutions occur outside the inventory.

In Brazil, the Arara-Azul-de-lear (Lear's Macaw) Programme aims to develop a conservation programme for this species, involving cultural, technological, social and environmental aspects in the area of the Raso da Catarina Ecological Station, Bahia. This species has suffered electrocution due to contact with the wiring of the electricity network, as the birds use the structures of the distribution networks as perches. In addition, there is a restriction in the availability of its main food, the coconut of the Licuri palm, which makes it important to adopt preservation measures for the population of this species.

This action is implemented in collaboration with Brazilian scientific institutions and conservation groups operating in the territory. The programme started in 2022 and will be completed in 2026.

In Spain a programme was launched in 2018 that aims to reduce the impact on birdlife due to the presence of wind farms and which contributes directly to the net positive impact objective in line with Iberdrola's [Biodiversity Policy](#).

The measures adopted include installing vinyl decals, painting blades and fitting devices to detect and stop wind farms' turbines when birds or bats fly by. In 2024, the project to identify endangered bird species using high-resolution cameras and an artificial intelligence system to stop wind turbines to protect them continued. In particular, tests were conducted with different camera models to select the one that provides the best image in real time to feed the artificial vision model that will identify the birds. Tests have also been carried out with different camera and radar models to select the technology that best detects bats in the environment in real time.

Wildlife tracking and monitoring programmes.

In all countries where renewable energy generation facilities are located, programmes are in place to monitor endangered species that may be affected by the activities, in order to evaluate the success of corrective measures, identify possible impacts or, if necessary, implement new measures to reduce them. The programmes for tracking and monitoring wildlife, mainly birds, bats and fish species, are the basis for continuous improvement in the conservation and protection of fauna at the facilities. These programmes contribute to the principles regarding the identification, quantification and assessment of impacts, as set out in the [Biodiversity Policy](#).

In 2024, in addition to the monitoring of birds and bats at wind farms, the monitoring plans for fauna at photovoltaic plants and the environmental monitoring linked to offshore wind projects should be highlighted.

Programmes for species conservation and improvement of knowledge

Several group companies are working on species recovery. In 2024, projects to improve the populations of the European eel, Pyrenean desman, vole or gliding squirrel, the project to recover the lesser kestrel in Guadalajara (Spain) in collaboration with Grupo de Rehabilitación de la Fauna Autóctona y su Hábitat (GREFA), and the recovery of the condor (United States) in collaboration with the Oregon Zoo are worth mentioning. In addition, knowledge and research are promoted as key measures for the conservation and protection of biodiversity. In this respect, in 2024, the project to study the migratory routes of the whooper swan around the West Duddon Sands wind farm and the study of the impact on marine mammals using data from the construction activities of East Anglia One are worthy of mention. We also continued to support research with projects such as Coralizar, to study the impact of climate change on coral reefs, and the Flyways project to conserve migratory wading birds in north-east and southern Brazil, some of which are threatened with extinction.

Actions related to direct drivers: land use change and change in condition and extent of ecosystems

Renewable energy production facilities and the network infrastructure for transmitting and distributing the energy produced are often located in rural areas. The ecosystems present are therefore affected by these activities, both in terms of their extent and their condition. The mitigation hierarchy is applied from the earliest stages in all developments, and also promotes voluntary projects that contribute to reversing the loss of biodiversity, in order to achieve a net positive impact on biodiversity. All this results in the implementation of numerous actions aimed at improving the conservation of different ecosystems in all the countries in which it operates.

Use of offsetting measures in the Biodiversity Plan

As previously mentioned, the Group Companies apply the principle of the conservation hierarchy (avoid, reduce, restore and regenerate), assess the net balance of its activities in accordance with best practice and review the biodiversity action plans of all their facilities and processes throughout their life cycle. In applying this conservation hierarchy to all its projects, alternatives that avoid affecting the forest vegetation are prioritized. In cases where this is unavoidable, the company works to minimise and offset the impact.

Therefore, in order to achieve the net biodiversity impact target by 2030, those impacts that could not be reduced or avoided are compensated through the use of offsetting measures, i.e. the use of nature-based solutions or biodiversity projects. According to the Biodiversity Plan, offsets must be made on an equal basis, i.e. with the same type of habitat and species affected.

Key performance indicators are particular to each of the projects, such as the extent and condition of the ecosystem to be restored.

The most common biodiversity *offsets* are habitat ecosystem restoration, agreements and payment to habitat or other conservation banks.

During 2024, work has been carried out on the restoration and maintenance of 3,759 hectares of non-forest ecosystems, including 3,678 hectares of peatlands in the United Kingdom. It also restored 510 hectares of forest ecosystems. For more information see section E4-5.

Some of the highlights of 2024 include the work at the Baixo Iguazu hydroelectric plant (Brazil), where work continued on creating a biodiversity corridor by planting 144 hectares between the forested areas of the Iguazu National Park and the areas around the hydroelectric plant. To date, more than 264,905 trees have been planted and more than 1,135 hectares have been conserved. The corridor will cover more than 3,000 hectares.

Also noteworthy is the restoration work at the Tâmega Gigabattery. (See section E3-2).

The geographical scope of these programmes covers the countries of operation, such as Spain, Mexico, Brazil, Portugal and the United Kingdom.

Another form of biodiversity offsetting used by governments is the in-lieu fee. In 2024, the payment to the Nith Fisheries Trust Project for the planting of riparian trees along the River Nith or to Natural England for protecting the habitat of the Great Crested Newt (*Triturus cristatus*) is worth highlighting.

The Company has implemented mechanisms for ongoing consultation with its Stakeholders; see Stakeholder Engagement Model. These mechanisms help to ensure that the points of view of the consulted Stakeholders are taken into account when defining actions.

Land conservation, restoration and reforestation programmes

The Company is committed to the conservation, restoration and regeneration of ecosystems and not only works to prevent, reduce and compensate for the impact of the construction of new infrastructure, but also promotes voluntary projects that contribute to reversing the loss of biodiversity, a key goal of Iberdrola's [Biodiversity Policy](#).

The Company has implemented mechanisms for ongoing consultation with its Stakeholders; see Stakeholder Engagement Model. These mechanisms help to ensure that the points of view of the consulted Stakeholders are taken into account when defining actions.

Iberdrola launched *Carbon2Nature (C2N)* with the mission of developing high-impact projects with nature-based solutions that reduce the overall carbon footprint, improve biodiversity and promote a sustainable economy. Since its creation in 2023, C2N has promoted the planting of 1,969,097 trees in ecosystem conservation and restoration projects on 1,435 hectares in Spain and Mexico.

These are long-term actions, including the conservation and monitoring of the restored ecosystem. Some actions last for more than 30 years.

The resources allocated to the management of biodiversity protection actions are part of the Group's investments and operating costs, meaning that the accounting systems do not currently have the capacity to identify and discriminate such amounts. The resources allocated include the environmental management systems for impacts related to this area referred to in *section IRO-1 of chapter [ESRS 2](#)*, and any other measures implemented at the facilities to prevent, mitigate or remedy potential impacts.

5. Metrics and targets

Disclosure Requirement [E4-4]: Targets related to biodiversity and ecosystems

As outlined in *section MDR-T of chapter ESRS 2*, the Company has set the following targets related to sustainability issues identified in the assessment of impacts, risks and opportunities related to biodiversity and ecosystems:

Target: Conservation, restoration and plantation of trees

Protecting nature and fostering an efficient use of resources

	2024	2025	2026	2030
 Conservation, restoration and plantation of trees Number of trees (Million) & No Net Deforestation in 2025	5	8	10	20

The **conservation, restoration and plantation of trees target** expects to achieve **20 million trees by 2030**, with interim targets of 8 million and 10 million trees by 2025 and 2026, respectively. The base year for the quantification of trees is 2020 (reference value 0).

This target is the Company's contribution to improving biodiversity by promoting conservation projects and tree planting, in line with the *Biodiversity Policy* and fulfilling its main principles of conduct, to integrate biodiversity into the Group's internal strategic planning and decision-making processes, and in particular to prevent deforestation related to its activities, promoting this principle of action throughout its value chain.

This target addresses the impacts on forest ecosystems and those of the supply chain and the opportunity to contribute to reversing the loss of biodiversity through the conservation and restoration of forest ecosystems. The target also seeks to support international, European and national conventions, frameworks and policies. These are:

- *Kunming-Montreal* Global Biodiversity Framework.
- European Union Biodiversity Strategy for 2030.

This target encompasses the actions carried out by all the companies of the Group in accordance with the types contemplated in the Iberdrola Trees programme:

- Conservation of natural heritage: Actions for the conservation, restoration and planting of trees to mitigate and offset the impact of new infrastructure development.
- Regeneration and creation of natural value: Actions on voluntary conservation, restoration and planting, both on land belonging to the Group and on land belonging to third parties.
- Social value: Research and social awareness: Conservation, restoration and planting actions focused on awareness-raising, research and scientific dissemination.


The target was based on an analysis of actual and planned reforestation by businesses as part of their regulatory compliance up to 2030. In order to scale up the positive impact, the voluntary contribution target was set at a level four times higher than the company's forecast.

The use of scientific evidence on which to base the setting of this target is not applicable.

The use of an ecological threshold for this type of target is not applicable.

Target: Net Positive Impact in 2030

Protecting nature and fostering an efficient use of resources

	2024	2025	2026	2030
 Net positive impact in 2030 % assets with biodiversity assessment and neutrality plan	11%	20%	25%	100% (Net positive)

Iberdrola sets the goal of **Net Positive Impact in 2030** for 100% of the company's activities, with interim targets of 100% of assets commencing construction by 2025, and 20% of generation assets in operation rising to 25% in 2026.

This target also contributes to compliance with the basic principles of Iberdrola's [Biodiversity Policy](#) and reinforces its establishment throughout its own operations in the value chain. It seeks to address the impacts on species and ecosystems of the infrastructure construction and operation activities.

In terms of international conventions, it is aligned with *The Global Goal for Nature of the Nature Positive Alliance* presented at the CBD COP 15 in *Kunming-Montreal*.

The 2030 target encompasses all the Group's facilities and activities. However, the progress metric for the operating assets target currently only considers generation facilities. It is planned to develop metrics that take into account the progress of the operating facilities of the network business.

Iberdrola arrived at its target by relying on the theory of change. External analysis of the context (national and international regulatory frameworks), trends (sustainability index questions) and Stakeholder demands (financial requirements, climate and biodiversity integration) served to define the vision: net positive impact. The internal analysis of the Group's biodiversity impacts and dependencies made it possible to identify and plan the actions needed to achieve the change: all assets must have a biodiversity action plan by 2030, leading, as a minimum, to neutrality.

While biodiversity offsets were not specifically considered in the setting of this target, this is a practice that will be used where appropriate as part of the application of the conservation hierarchy.

Linked to the target is the development of the *Biodiversity Plan*, which has as its main principle the application of the mitigation and conservation hierarchy. The target therefore covers all levels of the mitigation hierarchy (prevention, minimisation, restoration and offsetting).

Similarly, and motivated by this connection with the *Biodiversity Plan*, although the target is to achieve the positive contribution and ecological thresholds are not primarily considered in the preparation of the plan, it is indirectly linked to them. Ecological thresholds are considered in the biodiversity action plans in relation to:

1. species plans, where species protection categories are used as a basis, with a focus on threatened species, and
2. ecosystem plans, where the condition of the ecosystem is measured with several specific indicators.

■ **Disclosure Requirement [E4-5]: Impact metrics related to changes in biodiversity and ecosystems**

The metrics used are designed to monitor and evaluate the performance of the organisation and progress in achieving its objectives. These measurement tools are essential to monitor the effectiveness and efficiency of the actions carried out by the group. The metrics established make it possible to measure the management of biodiversity assets, Iberdrola's commitment to the conservation and regeneration of forest ecosystems, sites located in or near biodiversity sensitive areas, impact on the condition of ecosystems and impact on land use change.

Metric	Description	Unit	2024	2023
Metric	% of Iberdrola assets with a biodiversity assessment and a neutrality plan in 2030	%	10.9 %	0%
Calculation methodology	<p>This metric has an associated public target reported in the biodiversity targets section of this report entitled “Net Positive Impact on Biodiversity by 2030”.</p> <p>The metric for monitoring the target is defined as: % facilities with a biodiversity assessment and a neutrality plan. For a facility to have a Neutrality Plan in place it will have to:</p> <ul style="list-style-type: none"> • have measured its material impact on biodiversity, i.e. projects with a significant impact on ecosystems will use the ecosystems metric. • have a Biodiversity Action Plan that includes avoidance, minimisation and offsetting measures to achieve metric neutrality within a specified timeframe. 			
External validation	Limited assurance of this sustainability report.			

Metric	Description	Unit	2024	2023
Metric	Tree planting	<i>Millions</i>	5.0	3.4
Calculation methodology	<p>This metric has an associated public target, reported in the biodiversity targets section of this report, entitled “Planting 20 million trees by 2030”.</p> <p>The Trees Programme was launched 2020 to protect biodiversity, for the conservation and regeneration of forest ecosystems. The programme has three main lines of action, known as “branches”, with the following objectives</p> <p>Branch 1: Conservation of the natural heritage, which includes actions in forest ecosystems required as compensation for new developments.</p> <p>Branch 2: Regeneration and creation of natural values through voluntary projects.</p> <p>Branch 3: Social value: research and awareness-raising, in collaboration with Stakeholders.</p> <p>The monitoring metric is the sum of the number of trees planted since 2020 in each of the three types of actions or branches.</p> <p>Total number of trees planted in the three branches = number of trees in branch 1 + number of trees in branch 2 + number of trees in branch 3.</p> <p>For projects developed with other organisations, only the percentage attributable to Iberdrola is taken into account. Plantings due to the replacement of seedlings that did not thrive are excluded from the calculation.</p>			
External validation	<p>Project validation is carried out in stages: the first by the company carrying out the reforestation, through an execution report.</p> <p>If the project is likely to generate carbon credits, the status of the reforestation is validated by the verifying entity that issues the credits. This validation can take place several times during the life of the project.</p>			

Understanding the sensitivity of the territory in terms of protected areas or areas of high biodiversity value is a fundamental aspect in order to properly manage activities, understand the possible impacts and adopt mitigation measures or develop restoration and conservation projects. The following table shows the Group's facilities and the area they occupy (or road width in the case of power lines) in protected or high value areas.

Metric	Description	Unit	2024
Metric	Sites located in or near biodiversity sensitive areas that are being negatively affected	No.	221
		Area (ha)	253,792
Calculation methodology	The number of facilities and the area of sites located in sensitive areas are identified and calculated by geospatially intersecting the defined asset layers with the global layers of Protected Spaces and High Biodiversity Value areas. The following criteria have been defined for the area of occupation and area of influence.		
	Technology	Area occupied	Area of influence
	Photovoltaic, thermal, hydrogen, batteries	Boundary	200 m
	Onshore and offshore wind	Blade projection	200 m
	Hydroelectric	Reservoir area	Sub-basin (Spain) Permanent Protection Areas (Brazil)
Lines	Easement	-	
External validation	Limited assurance of this sustainability report.		

The construction of new developments has an impact on land-use change and potentially on ecosystems and associated ecosystem services.

The area occupied by new developments and their ecosystem type is presented below.

Metric	Description	Unit	2024
Metric	Impact drivers of land-use change, freshwater-use change or sea-use change	Total Conversion over time of land occupation	Hectares
Calculation methodology	Sum of the area occupied by all generating facilities in operation in 2024 and their breakdown by type of ecosystem (land, marine or freshwater). Excludes network developments.		
External validation	Limited assurance of this sustainability report.		

Sites located in or near biodiversity-sensitive areas

Country	Site	Number of facilities in PS or HBV	Generating facilities adjacent to PS or HBV	Area in PS or HBV
United States	Onshore wind	2	14	108
United States	Power transmission lines	0	0	1,185
United States	Power distribution lines	0	0	1,403
United States	Distribution transformer centres	7,685	0	0
United States	Transmission substations	22	0	0
France	Onshore wind	1	1	1
Greece	Onshore wind	8	0	51
Hungary	Onshore wind	2	0	9
Poland	Onshore wind	0	1	0
Portugal	Hydroelectric	1	2	201
Portugal	Onshore wind	2	0	17
Portugal	Photovoltaic	0	1	0
Spain	Hydroelectric	65	37	44,905
Spain	Onshore wind	102	13	790
Spain	Nuclear	3	3	142
Spain	Photovoltaic	19	3	3,832
Spain	Cogeneration	1	5	5
Spain	Combined cycle	1	3	9
Spain	Power distribution lines	0	0	68,711
Spain	Distribution transformer centres	15,921	0	0
Spain	Distribution substations	269	0	0
Mexico	Onshore wind	4	2	65
Brazil	Hydroelectric	1	1	14
Brazil	Onshore wind	1	0	6
Brazil	Diesel generation	1	0	1
Brazil	Power transmission lines	0	0	791
Brazil	Power distribution lines	0	0	120,673
Brazil	Transmission transformer centres	1	0	0
Brazil	Distribution transformer centres	117,149	0	0
Brazil	Transmission substations	1	0	0
Brazil	Distribution substations	217	0	0
Ireland	Onshore wind	0	1	0

Country	Site	Number of facilities in PS or HBV	Generating facilities adjacent to PS or HBV	Area in PS or HBV
United Kingdom	Onshore wind	2	7	5
United Kingdom	Offshore wind	2	0	302
United Kingdom	Power transmission lines	0	0	2,590
United Kingdom	Power distribution lines	0	0	7,443
United Kingdom	Distribution transformer centres	7,792	0	0
United Kingdom	Transmission substations	6	0	0
United Kingdom	Distribution substations	29	0	0
Australia	Onshore wind	1	0	56
Australia	Photovoltaic	1	0	473
Cyprus	Onshore wind	1	0	1

[ESRS E5] Resource use and circular economy

1. Impact, risk and opportunity management

- **Disclosure Requirement [IRO-1]: Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities**

The Company has assessed the material impacts, risks and opportunities related to the use of resources and the circular economy by applying the assessment process described in the disclosure requirement *section IRO-1 of chapter ESRS 2*.

This assessment has resulted in the identification of negative material impacts in three subtopics:

- Input of materials, in particular the use of methane gas and uranium as fuels in thermal plants.
- Resource outflows related to the distribution and marketing of gas to customers.
- The generation and management of waste relating to spent nuclear fuel and decommissioned wind turbine blades.

Therefore, the activities related to these material impacts are those that operate power generation facilities (combined cycle gas turbines and cogeneration plants), nuclear thermal power plants, wind farms and regulated gas distribution or gas sales to customers. *Section SBM-1 of chapter ESRS 2* describes the composition of installed capacity by technology, energy produced and energy distributed.

In addition, several positive impacts have been identified in relation to the inflow and outflow of resources associated with the recycling of materials at the end of the life of facilities and the sourcing of materials with higher levels of secondary raw materials. However, the opportunities have not been identified as having a material financial impact on the Company.

■ Disclosure Requirement [E5-1]: Policies related to resource use and circular economy

The Company has adopted a set of corporate policies that establish the principles that govern the conduct of the company, its directors, officers and employees, in accordance with *Purpose and Values of the Iberdrola Group*.

The *Environmental Policy* defines a reference framework and the main principles of conduct for integrating nature and environmental protection into group-level strategy, investments and operations, and defines principles of conduct for the management of the environment and natural capital. To that end, it implements an environmental management model that applies the precautionary principle and the principle of continuous improvement, places the environment at the centre of the decision-making process.

Iberdrola is committed to continuing to be a leader in the development of a sustainable energy model based on the use of renewable energy sources and smart grids. Furthermore, this policy establishes principles to improve the circularity of its operations and value chain through the sustainable use of natural resources, the implementation of life cycle analysis, the eco-design of its infrastructure, the application of the waste hierarchy and the optimisation of waste.

This policy was designed taking into account the interests and needs of the Group's main stakeholders as identified through the Stakeholder Engagement Model detailed in the disclosure requirement *section SBM-2 of chapter ESRS 2*. Of particular importance among these needs is the circularity of products, the reduction of waste and the potential negative impacts associated with their treatment and/or disposal.

The Innovation, Sustainability and Quality Division (or such division as assumes the powers thereof at any time) is responsible for the implementation of this policy.

■ Disclosure Requirement [E5-2]: Actions and resources in relation to resource use and circular economy

A number of actions to promote the circular economy in the context of its activities and operations were carried out throughout 2024. The most significant actions relate to the recycling of wind turbine blades, the storage of radioactive waste and the reduction of gas and uranium consumption, as well as the installation of electric charging points, which reduces the use of fossil fuels in the communities in which we operate. These latter two actions are included in *chapter ESRS E-1*.

Wind turbine blade recycling

Iberdrola group companies recycle a very high percentage of the blades it decommissions, but it uses solutions that are not readily scalable. To address future needs Iberdrola, in collaboration with external partners, established the company *EnergyLoop* in 2022 with the aim of developing recycling techniques to address the volume of blades expected as a result of the future dismantling or upgrading of wind farms in Spain, both its own and those of other developers. In addition, the recycling processes are expected to create opportunities for integrating secondary raw materials in other industries, such as construction, chemicals, ceramics, etc.

The construction of the blade recycling plant in Cortes (Navarre), which will play a key role in the management of a large volume of this type of waste, began in February 2024 and the civil works were completed in October. The plant will be commissioned in the first quarter of 2025.

In addition, “feasibility studies” of the potential demand for recycling in the United Kingdom and the United States in 2024 have been developed with a view to replicating the management model and potentially expanding EnergyLoop into these territories.

As established in section E5-1, Iberdrola applies the waste hierarchy, as well as the optimisation of waste management and the use of recycled materials in its operations.

Storage of radioactive waste arising from the operation of nuclear power plants

Spent fuel generated during the operation of the Cofrentes nuclear power plant is temporarily stored in the fuel storage pools and in the Individualised Temporary Storage (ITS) facility.

The Individualised Temporary Storage facilities are financed by the Spanish National Waste Management Company (Empresa Nacional de Residuos - ENRESA), with which the spent fuel storage needs of each plant are resolved.

In view of the possibility that the pools will reach a high level of utilisation by 2027, the construction of a second ITS facility has begun at the Cofrentes nuclear power plant (wholly owned by Iberdrola). During 2024, the design work was completed and the relevant permits were obtained for the construction of this second storage facility. Construction work is scheduled to start in January 2025 and finish in June 2026.

The ITS facilities are continuing their licensing process, with MITECO authorisations already obtained for the execution and assembly of the Vandellós, Ascó and Cofrentes ITS facilities. In the case of Almaraz, the Environmental Impact Statement is still pending, subject to the clarification of certain aspects with Portugal and a favourable report from the Spanish Nuclear Security Council (Consejo de Seguridad Nuclear) (CSN). At present, all the plants are working on the preparation of the Permit Application to be submitted to the CSN during the months of April (CNV2), May (CNAs and CNC) and June (Almaraz).

This action is aimed at properly treating the waste generated. It does not affect the nuclear generation process and therefore has no impact on the design of the process or on the input of materials used. Nuclear technology does not currently allow the reuse of spent fuel, although it conserves a large part of its energy. New reactor designs will be able to use spent fuel from existing plants.

As established in section E5-1, Iberdrola applies the waste hierarchy, as well as the optimisation of waste management and the use of recycled materials in its operations.

The resources allocated to the management actions aimed at securing the efficient use of natural resources are part of the Group's investments and operating costs, meaning that the accounting systems do not currently have the capacity to identify and discriminate such amounts. The resources allocated include the environmental management systems for impacts related to this area referred to in section IRO-1 ESRS 2, and any other measures implemented at the facilities to prevent, mitigate or remedy potential impacts.


2. Metrics and targets

Disclosure Requirement [E5-3]: Targets related to resource use and circular economy

As outlined in the disclosure requirement *section MDR-I of chapter ESRS 2*, the Company has set the following targets related to sustainability issues identified in the assessment of impacts, risks and opportunities associated with the use of resources and the circular economy:

Target: Blades and solar panel recycling

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	2024	2025	2026	2030
 Blade and Solar Panel Recycling % of blades and panels recycled of total Blades and panels dismantled ⁽¹⁾	98.4%	50%	50%	100%

(1) Includes blades and panels out of operation with a destination decision different from disposal.

This is a voluntary target for the **blades and solar panels recycling** to achieve that 100% of decommissioned solar blades and panels are recycled by 2030, with interim targets of 50% for 2025 and 2026.

This target is in line with the *Sustainable Management Policy* and the *Environmental Policy* and the compliance with its main principles of conduct, in particular that of improving the circularity of its activity and value chain through the sustainable use of natural resources, the implementation of life cycle analysis, the eco-design of its infrastructures, the application of the waste hierarchy, as well as the optimisation of waste management and the use of recycled materials. This improves the circular use of materials.

In order to set this target, an analysis was carried out of the end-of-life scenarios for the assets so as to assess the hypothetical demand for blade and panel recycling in the medium and long term. As a result of this analysis, and following several meetings with stakeholders who expressed concern about the potential volume of blades resulting from the end of life of the wind farms, the company decided to set a target for the total recycling of decommissioned blades. Beyond the needs analysis, no scientific evidence was considered necessary to set the target and no environmental thresholds are applicable in this case.

No targets have been set for the management of radioactive waste, as the ultimate responsibility for waste management lies with ENRESA. The companies of the group work closely with ENRESA and the Spanish National Safety Council to manage the waste from all its nuclear power plants. With regard to nuclear waste, compliance with the regulations relating to its management is carried out in accordance with the requirements established by the Spanish Nuclear Safety Council and its planning.

The monitoring and reduction of gas consumption is linked to the forecast reduction of emissions from the generation mix and the electrification of customer energy demand, which are part of the climate action plan. No specific target has been set for gas consumption, as its reduction is considered part of our Climate Action Plan and the Company's *Net Zero* target.

The initial target was to increase the percentage of recycled blades, but the scope has been extended to include solar panels due to the potential recoverability of the components.

■ Disclosure Requirement [E5-4]: Resource inflow

According to the materiality analysis carried out, Group's main input resources are: natural gas, both for thermal generation and for consumption by customers, and uranium for nuclear power plants.

Total weight of high materiality fuels, biological material (and %) and secondary materials (and %) during financial year 2024.

Resource	Weight (kg)	Weight of biological material (kg)	% biological material	Weight of secondary materials (kg)	% of secondary materials
Uranium	40,048	N/A	N/A	0	0.00
Gas for generation	4,274,006,189	N/A	N/A	15,110,720	0.35
Gas for customers	4,778,947,223	N/A	N/A	0	0.00

Biological material and biofuels are not used.

The value of uranium consumed is estimated on the basis of new fuel elements introduced into the core.

The gas used for generation is calculated on the basis of gas meter measurement and gas supplier billing. The data is collected in Nm³ units and is transformed to kg using the gas density factor provided by GASNAM²² of 0.743 kg/Nm³.

The gas sold to customers is calculated on the basis of billing.

²² Information on the conversion factor can be found at <https://gasnam.es>

Disclosure Requirement [E5-5]: Resource outflows

Iberdrola Group's main product is electricity, throughout the different stages of our production process:

- generation of electricity, mainly from renewable sources.
- transmission and distribution of electricity.
- electricity marketing.

Electricity, which is largely produced from renewable sources that do not emit greenhouse gases, is a product that is fully in line with the principles of circularity and produces no waste.

With regard to the durability and reparability of products and the percentage of recyclable content, it does not apply to main product, electricity.

The total amount of waste generated by the company in 2024 was 572,946 tonnes.

It is then broken down into hazardous and non-hazardous waste, and in turn into different types of recovery operations and their different treatments.

Waste allocated to recovery (t)

Recovery	NHW 2024	HW 2024	NHW 2023	HW 2023
Reuse	225,738	1,542	77,227	1,657
Recycling	141,566	5,816	131,581	6,921
Other recovery operations	86,564	12,465	14,441	2,030
Total	453,868	19,823	223,249	10,608

Waste allocated to disposal (t)

Disposal	NHW 2024	HW 2024	NHW 2023	HW 2023
Incineration (with energy recovery)	4,908	1,500	962	1,411
Incineration (without energy recovery)	12	109	97	111
Landfilling	79,352	9,616	87,532	1,968
Other disposal operations	2,249	1,499	10,694	866
Total	86,521	12,723	99,284	4,356

The total non-recycled waste for the reporting year was 99,244 tonnes, which represents 17 %.

The electricity production activity does not produce large amounts of waste due to the fact that most of its production is carried out using renewable technologies. Nuclear thermal power plants do produce waste that must be treated, while gas-fired thermal power plants produce mainly CO₂.

The main categories of waste are: construction waste, electrical and electronic equipment waste and municipal solid waste. This notably includes metallic materials, earth and non-metallic minerals.

The quantities of radioactive waste generated are:

Hazardous waste generated in nuclear power plants 2024 - Low - low activity

Central	Produced (m³)	Produced (m³ / GWh)
Cofrentes nuclear power plant	50	0.006
Partially-owned nuclear plants	110	0.008

Hazardous waste generated in nuclear power plants 2024 - Low - medium activity

Central	Produced (m³)	Produced (m³ / GWh)
Cofrentes nuclear power plant	191	0.024
Partially-owned nuclear plants	55	0.004

With regard to the output of waste from photovoltaic blades and panels, the information relating to this management is provided in [section E5-3](#) of targets related to resource use and circular economy.

Waste management is regulated and is carried out by an authorised waste manager, which makes it possible to account for and classify the different forms of reported waste.

European Taxonomy of Environmentally Sustainable Activities

This section fulfils the reporting requirements of Article 8 of EU Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment. This regulation has been subsequently implemented by Delegated Regulation 2021/2139 which determines the eligible activities with respect to climate change mitigation and adaptation objectives; Delegated Regulation 2023/2485 which amends the previous regulation by changing certain criteria and adding new economic activities; Delegated Regulation 2021/2178 which develops the reporting methodology; Delegated Regulation 2022/1214 as regards economic activities in certain energy sectors; and by Delegated Regulation 2023/2486, which supplements Regulation 2020/852 establishing criteria for the objectives for the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems, and also amending Delegated Regulation 2021/2178 by extending the information to be reported by financial and non-financial actors.

Under this regulatory framework, companies are required to report their eligibility and alignment through three economic indicators; as a percentage of turnover, investment and operating expenditure.

Description of the activities of the Iberdrola Group

The Iberdrola Group operates in the electricity sector through a series of activities diversified in terms of sub-sectors, technology and geographical areas.

As described in the section of this report, the main activities are the generation of electricity from mainly renewable and non-emitting sources, the transmission and distribution of electricity, large-scale electricity storage, and smart and innovative solutions for its customers. It also has gas distribution and marketing businesses, although these only account for a small proportion of its turnover. The activities and the main operational indicators used to assess the size, location and weight of each activity are described in *section [SBM-1](#) of chapter ESRS 2*.

Assessment of eligibility, compliance with substantial contribution criteria, absence of significant harm and existence of social safeguards

Pursuant to Article 8 of *EU Regulation 852/2020*, companies required to disclose non-financial information must include information on the extent to which their activities are consistent with environmentally sustainable management in accordance with the sustainability criteria set out in Articles 3 and 9 of the same Regulation. Eligible activities are described and defined in *EU Regulations 2021/2139, 2022/1214, 2023/2485 and 2023/2486*.

On the basis of the above Regulations, the first step is to determine which of the Iberdrola Group's activities are eligible for regulatory purposes. Eligible activities are those that could potentially contribute to the one or more of the European Union's environmental goals.

For the purpose of identifying which of the eligible economic activities defined by the regulations are undertaken by the Iberdrola Group, the definition of economic activity established in the *Taxonomy - Eligibility Reporting (Part 2) FAQ* is applied, according to which an economic activity takes place when financial, human and material resources are used to produce goods or services. According to this approach, any activity which is an intermediate or necessary step in the production of a final product or service, which is not sold to third parties and therefore does not generate turnover, is not considered to be an economic activity. In applying this criterion, the corporate purpose of the Group's companies and their book-entry registers have been analysed.

Following on from the exercise carried out in previous years, the Company has revised and updated the analysis to assess whether the economic activities described in *Delegated Regulation C(2023)3851* are economic activities carried out by the Iberdrola Group, and to conclude on their eligibility in relation to the objectives of *sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, and protecting and restoring biodiversity and ecosystems*.

The analysis showed that the OpEx and CapEx related to these intermediate tasks are already included in the Iberdrola Group's eligible activities, which are those already reported by the Iberdrola Group since 2021, related to the objectives of climate change mitigation and adaptation.

Therefore, during this year, the activities carried out by the companies of the Iberdrola Group have been evaluated with regard to climate change mitigation and adaptation objectives for purposes of eligibility and alignment.

Thus, after reviewing the activities included in *EU Regulations 2021/2139, 2022/1214 and 2023/2485*, the list of eligible activities carried out by the Iberdrola Group is as follows: 3.10 *Manufacture of hydrogen*; 4.1 *Electricity generation using solar photovoltaic technology*; 4.3 *Electricity generation from wind power*; 4.5 *Electricity generation from hydropower*; 4.9 *Transmission and distribution of electricity*; 4.10 *Storage of electricity*; 4.29 *Electricity generation from gaseous fossil fuels*; 7.3, 7.4, 7.5 and 7.6 *Installation, maintenance and repair of: charging stations for electric vehicles in buildings, instruments and devices for measuring, regulating and controlling the energy efficiency of buildings and renewable energy technologies*²³.

It should be noted that, according to the definitions set out in *Delegated Regulation 2022/1214*, the generation of electricity at nuclear plants is not an eligible activity for the Iberdrola Group. Similarly, the distribution of gas and the sale of electricity or gas to final customers are defined in the Regulation as ineligible activities

The second step is to analyse how each eligible activity does or does not meet the requirements of the technical selection criteria and whether it can be considered eligible. The activity must meet the technical criteria of making a significant contribution to at least one of the six environmental objectives.

For these purposes, compliance with these criteria has been evaluated for each for each head of business company and their subsidiaries, and has been documented in the Company's records. A first check of the technical selection criteria for eligible activities has shown that if one of these criteria is not met, an in-depth analysis of the remaining criteria is ruled out, given that the activity would not be eligible anyway.

The third step is to assess how each eligible economic activity that contributes significantly to one of the environmental objectives does or does not meet the criteria of not harming the other objectives. The design of these criteria established by the Delegated Regulation is generally based on compliance with European regulations and/or standards for different environmental aspects.

In order to assess and document compliance with these criteria in each head of business company, by country and technology, many of which operate in non-EU countries, a methodology has been developed based on transferring requirements to questionnaires, which has enabled the work to be carried out in a homogeneous manner in all the Group's companies. Each head of business company has assessed its compliance and has documented and evidenced its findings.

The fourth and final step is the assessment of the existence of sufficient social safeguards in the context of performing the activities. A similar approach to the absence of harm assessment has been followed and, based on a questionnaire analysis, and on the human rights due diligence mechanisms or compliance systems in place, the existence of social safeguards has been satisfactorily documented.

²³ This heading includes the following products that are sold:

Smart Home: control of the energy consumption of each household appliance, changes in consumption and advice on how to save on bills.

Smart Mobility: solution for charging electric vehicles with 100% renewable energy. Installation of a charging point, electric contract with zero CO₂ emissions and control from mobile phone with the Smart Mobility Home App.

Smart Solar: complete solar solution, with installation and maintenance of solar panels so that customers can generate their own electricity.

In the Iberdrola Group, regular assessments are carried out through internal monitoring of all relevant human rights information, independent experts are consulted, and quantitative and qualitative indicators are used to specify potential improvement actions. This monitoring is based on internal and external sources of information, including ethical mailboxes and channels for complaints and grievances, among others.

In this regard, the publication in 2022 of the Group's first [Report on Human Rights](#) is worthy of note, which provides extensive explanations on this issue together with the [Compliance System Transparency Report](#).

Finally, in order to ensure consistency between the assessment of criteria and actual performance, an analysis of the disclosure of the following indicators has been carried out:

- *ESRS G1-4 Confirmed incidents of corruption or bribery*
- *ESRS S1-17 Incidents, complaints and severe human rights impacts,*
- *ESRS S4-3 - Processes to remediate negative impacts and channels for consumers and end-users to raise concerns and*
- *ESRS S4-5 -Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.*

The conclusion is that no inconsistencies can be deduced between the content of these indicators and the assessment of the do not significant harm or minimum safeguards criteria.

The criteria applied to calculate the eligibility and alignment percentages are described below.

Calculation of eligibility percentage and alignment

The basis to calculate alignment percentages with the climate change mitigation and adaption objective is the eligibility calculation, taking the same denominator, but including in the numerator only the applicable revenues, investments or expenses corresponding to the eligible activities that meet the alignment criteria established by the regulations.

It is important to note that vertically integrated companies in the electricity sector carry out various activities, all of which are necessary for the operation of the electricity value chain.

Some of these activities, like the generation of electricity through wind or photovoltaic technology, or electricity transmission and distribution, are considered eligible in application of Delegated Regulation 2021/2139. However, the sale of electricity to end customers is not considered eligible.

Frequently, when a company both generates electricity and sells it to final customers, there is an inter-company transaction by which the retail activity purchases the electricity from the generation activity.

In accordance with accounting rules, revenues from the sale of electricity to end customers are part of the consolidated turnover, and the effect of the intercompany transaction is removed in the consolidation process.

The Company believes that, in order to most accurately reflect the alignment of its operations with the EU sustainable activities Taxonomy, the numerator in the income ratio should include sales from the renewable production business. Otherwise, the ratios would describe a company that, despite demonstrating an extremely high percentage of its investments and operational expenses in line with the taxonomy, would have an extremely low percentage of income alignment on a permanent basis.

Revenue from the generation of electricity from renewable sources is considered in the numerator, and corresponds to that indicated in Note 38-Revenue, included in the [Annual Financial Information of Iberdrola S.A.](#) and its subsidiaries.

Considering all the above, to ensure the consistency between the reality described by the income ratio and that described by the investment ratio and the operating expenses ratio, the information given in this section has been provided as follows:

Calculation of the percentage of eligible and aligned turnover

The proportion of eligible Turnover referred to in Article 8(2a) of *Regulation (EU) 2020/852* is calculated as the share of net turnover resulting from products or services, including intangibles, associated with economic activities that are eligible according to the taxonomy (numerator), divided by the net turnover (denominator) as defined in Article 2(5) of *Directive 2013/34/EU*.

Turnover includes revenue recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008

It should be noted that to calculate the eligibility and alignment percentages corresponding to the consolidated Iberdrola Group:

- The denominator of the turnover ratio is made up of 100% of the amounts included under “Revenue”, which are detailed in the consolidated financial statements of the Iberdrola Group and the breakdown of which is shown in Note 38. The sum of all activities included in the numerator represents 100% of the denominator.

In this turnover ratio, the company includes all the income associated with the main activity, considering that it contributes to the turnover.

Calculation of the percentage of eligible and aligned CapEx

The eligible CapEx ratio referred to in Article 8(2b) of *Regulation (EU) 2020/852* is calculated as the numerator divided by the denominator; the denominator being the additions to tangible and intangible assets during the relevant financial year before depreciation, amortisation and any new valuations, including those resulting from revaluations and impairments, for the relevant financial year, excluding changes in fair value. The denominator also includes additions to tangible and intangible assets resulting from business combinations.

For non-financial companies applying International Financial Reporting Standards (IFRS) as adopted by Regulation (EC) No 1126/2008, CapEx should cover costs that are recognised according to:

- IAS 16 Property, plant and equipment, paragraph 73(e)(i) and (iii);
- IAS 38 Intangible Assets, paragraph 118(e)(i);
- IAS 40 Investment Property, paragraph 79(d)(i) and (ii) (for the cost model);
- IFRS 16 Leases, paragraph 53(h).

Leases that do not give rise to the recognition of a right to use the asset are not accounted for as CapEx.

The numerator, on the other hand, includes the part of the fixed asset investments included in the denominator that:

- Relates to assets or processes that are associated with eligible economic activities;
- Forms part of a plan to expand the economic activities aligned with the taxonomy or to enable economic activities eligible under the taxonomy to be brought into line with the taxonomy in the future (“CapEx plan”) under the conditions specified in the second paragraph of this point 1.1.2.2 (relating to the “CapEx plan”);
- Relates to the purchase of production from economic activities aligned with the taxonomy and individual measures that enable the targeted activities to become low-carbon or achieve greenhouse gas reductions, in particular the activities listed in points 7.3 to 7.6 of Annex I of the Annexes to the Delegated Act, as well as other economic activities listed in the Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of *Regulation (EU) 2020/852*, and provided that those measures are implemented and operational within 18 months.

It should be noted that to calculate the eligibility and alignment percentages corresponding to the consolidated Iberdrola Group:

The numerator includes only the aggregation of CapEx of the eligible activities of the companies, accrued investments with current or future disbursements, work carried out by the company on its fixed assets and capitalised financial expenses. These amounts essentially form part of the additions included in intangible assets, property, plant and equipment, rights of use, financial investments and inventories, as disclosed in notes 10, 11, 12, 15 and 19 to the [Annual Financial Information of Iberdrola S.A.](#), and

- The denominator corresponds to the Iberdrola Group's total Capex, which includes investments (on an accrual basis with current or future disbursement) in intangible assets, investments in property, plant and equipment, investments in rights-of-use assets, and investments. Capex includes the work carried out by the company for its fixed assets and capitalised financial expenses. Therefore, part of the numerator is made up of the companies' amounts based on the eligibility and sustainability criteria.
- The sum of all activities included in the numerator represents 100% of the denominator.

For the purpose of reporting the CapEx and OpEx ratio, purchases of assets necessary to carry out a particular eligible aligned, eligible and non-eligible activity have been included.

Finally, it should be noted that it is not possible to relate the figure used in the denominator for the calculation of the CapEx ratio to the information contained in the consolidated financial statements, since this information includes items such as decommissioning provisions, additions to inventories, additions to assets due to subsidies or transferred assets, which are not taken into account in the calculation of the taxonomic denominator of CapEx as they do not represent cash outflows related to the investment process.

In some cases, these items do not involve a disbursement and are therefore not an effective indicator of the activities to which the Iberdrola Group allocates the cash flows generated or the financing received from its shareholders or financing entities.

Calculation of the percentage of eligible and aligned OpEx

The eligible OpEx ratio referred to in Article 8(2)(b) of *Regulation (EU) 2020/852* is calculated as the numerator divided by the denominator; the latter including non-capitalised direct costs associated with research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct costs related to the day-to-day maintenance of tangible fixed assets, by the company or a third party to whom activities are outsourced, and which are necessary for the continuous and efficient operation of those assets.

In addition, non-financial companies that apply national Generally Accepted Accounting Principles (GAAP) and do not capitalise right-of-use assets are required to include leasing costs in OpEx.

The numerator, on the other hand, includes the part of the operating expenses included in the denominator that:

- Relates to assets or processes associated with eligible economic activities including training and other human resource adaptation needs, and non-capitalised direct costs representing research and development;
- Forms part of the CapEx plan to expand the economic activities that are eligible in accordance with the taxonomy or to enable economic activities eligible under the taxonomy to be aligned with the taxonomy within a pre-defined timeframe, as set out in the second paragraph of this point 1.1.3.2 (relating to the “CapEx plan”);
- Relates to the purchase of production from economic activities aligned with the taxonomy and individual measures that enable the targeted activities to become low-carbon or achieve greenhouse gas reductions, as well as individual building renovations, as identified in the Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 and provided that those measures are implemented and operational within 18 months.

It should be noted that when calculating the eligibility and alignment percentages corresponding to the consolidated Iberdrola Group, the denominator includes the OpEx accounts that meet the criteria defined in the regulations. More specifically:

The denominator of the OpEx ratio includes non-capitalised direct costs related to research and development, building refurbishment, maintenance and repair of equipment, short-term rentals and direct expenses evidencing work carried out by the company or by third parties necessary for a continued efficient operation of the asset. Capitalised expenses included in the CapEx ratio, such as indirect and direct costs of operating assets, are therefore excluded from the denominator.

It should also be noted that in the section on [Annual financial information. Iberdrola, S.A. and subsidiaries](#), corresponding to “Financial information by segment”, there is only reference to one of the indicators included in the Taxonomy. Therefore, for the Turnover Ratio indicator, no exact correlation can be made between the euro values of Eligibility/Alignment shown in the “Proportion of turnover” table of this document and those of the Renewables and Sustainable Generation, Networks, Customers and Other Businesses segments. This is mainly due to the elimination of inter-group transactions. In summary, it could be considered that:

- About 85% of the activities of the Renewables and Sustainable Generation segment correspond to Eligible Activities, as energy is produced using renewable technologies.
- More than 90% of the activities of the Networks segment correspond to Eligible Activities through the distribution and transmission of electricity.
- More than 90% of the activities of the Liberalised segment correspond to Non-Eligible Activities related to the sale of electricity and gas to end customers.
- More than 95% of the activities of the Other and Disposals segment corresponds to Non-Eligible Activities

Finally, the controls that ensure the homogeneity of currencies, accounting criteria and the avoidance of duplicate amounts or intercompany balances are the controls carried out during the process of preparing the audited consolidated financial statements of the Iberdrola Group. In addition, Registration and Presentation controls have been included in the files prepared to obtain the data referring to the Taxonomy.

Results

1. Degree of eligibility and alignment of turnover.

Eligible activities are defined by regulations and the eligibility percentage determines the ceiling of the possible alignment percentage. As a result of the mix of the Group's economic activities, the percentage of eligible activities is 61.5% of turnover and the percentage of revenue alignment is 55.8%, which in the Company's opinion is not an accurate reflection of the sustainability of its operations.

In addition, in the electricity sector, the unrestricted sale of electricity means that customers are charged for the full cost of the service, including energy, network access, fees, levies and taxes. In accordance with the accounting rules, the total amount invoiced to free customers represents the Company's turnover. Paradoxically, in the case of integrated companies carrying out regulated distribution and unrestricted sales activities at the same time, the part of the charges to unrestricted customers corresponding to network access costs is ineligible, and arithmetically neutralises the eligible and aligned amounts of the distribution activities.

The Company believes that it may be of great interest to users of the information reported in this chapter to have several alternative metrics that calculate the degree of alignment with respect to the eligible activities and that describe the effect mentioned in the previous paragraph. The following table summarises the result of this analysis and shows, in addition to what is required by the regulations, the percentage of revenue equalisation in relation to eligible revenue; and adjusted values which exclude from the denominator the amount paid by the unrestricted activity in Spain and the United Kingdom in relation to the cost of access to the electricity networks:

It can be seen, for example, that the degree of alignment of revenues with the consolidated total is 55.8%, while adjusted for the effect of network access costs it would be 61.3%. In both cases, the proportion of taxonomy-aligned turnover in relation to the taxonomy-eligible turnover remains at 90.8 %.

	Proportion of taxonomy-aligned turnover/ total turnover		Proportion of taxonomy-aligned turnover/turnover of ineligible activities
	Reported (A.1.) (%)	Adjusted (A.1.*) (%)	(A.1.) / (A.1. + A.2.) (%)
Turnover	55.8	61.3	90.8

These alternative indicators are useful for understanding the paradox that, despite a high degree of alignment in terms of investments, the proportion of aligned turnover is much lower, and will remain so structurally, due to the fact that the methodology established by the Delegated Regulation does not take into account the specificities of the electricity sector.

Despite this, the Group has significantly increased its degree of alignment with respect to the previous period, increasing turnover by 15 percentage points and eligible taxonomy-aligned OpEx by up to 20 points, reaching 87.8% alignment. This increase is mainly due to the reduction in turnover as a result of the divestment of activity 4.29 Generation of Electricity from Gaseous Fossil Fuels from the thermal generation business in Mexico. In addition, Iberdrola has exceeded the technical selection criteria applicable to activity 4.9 Transmission and Distribution of Electricity, such that all of the activity in the States of New York and Connecticut make a substantial contribution to the goal of climate change mitigation, in addition to the goal of adaptation as they did in the previous financial year.

The activities of the Iberdrola Group that are considered eligible in relation to turnover and that do not comply with the technical criteria currently defined in the regulations are the generation of electricity from gaseous fossil fuels.

2. CapEx ratio as an indicator of the sustainability of the group's operations

The Company believes that the indicator that best reflects the Group's level of sustainability is the degree of alignment of CapEx, which represents 89 % of the total, thanks to its growth strategy based on smart grids and renewable generation, activities on which it focuses almost all its investments. Despite the already high degree of alignment of the CapEx financial indicator in previous years, in 2024 the alignment ratio has been increased by more than 0.2 percentage points as a result of the strategy of growth in sustainable activities.

Nuclear and fossil gas related activities

Nuclear energy related activities		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES ²⁴
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

²⁴ As described in Annex II of *Delegated Regulation (EU) 2022/1214*, Iberdrola does not carry out any of the activities referred to in section “4.28 Electricity generation from nuclear energy in existing installations”.

Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover

Economic activities		Proportion of taxonomy-eligible but not taxonomy-aligned turnover					
		(CCM + CCA)		Climate Change Mitigation		Climate Change Adaptation	
		Amount (EUR thousand ds)	%	Amount (EUR thousand ds)	%	Amount (EUR thousand s)	%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to EU Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2,536,042	5.7	2,536,042	5.7	0	0.0
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
8	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	2,536,042	5.7	2,536,042	5.7	0	0.0

Taxonomy-eligible but not taxonomy-aligned economic activities - OpEx

Economic activities		Proportion of taxonomy-eligible OpEx that is not taxonomy-aligned					
		(CCM + CCA)		Climate Change Mitigation		Climate Change Adaptation	
		Amount (EUR thousand s)	%	Amount (EUR thousand s)	%	Amount (EUR thousand s)	%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to EU Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-111,132	5.1	-111,132	5.1	0	0.0
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
8	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	-111,132	5.1	-111,132	5.1	0	0.0

Taxonomy-eligible but not taxonomy-aligned economic activities - CapEx

	Economic activities	Proportion of taxonomy-eligible Capex that is not taxonomy-aligned					
		(CCM + CCA)		Climate Change Mitigation		Climate Change Adaptation	
		Amount (EUR thousands)	%	Amount (EUR thousands)	%	Amount (EUR thousands)	%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to EU Delegated Regulation 2021/2139 in the denominator of the applicable KPI	109,916	0.9	109,916	0.9	0	0.0
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
8	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	109,916	0.9	109,916	0.9	0	0.0

Taxonomy non-eligible economic activities - Turnover

	Economic activities	Proportion of taxonomy-eligible turnover that is not taxonomy-aligned	
		Amount (EUR thousands)	%
3	Amount and proportion of taxonomy non-eligible economic activity referred to in row 3 of sheet 1 in accordance with Section 4.28 of Annexes I and II to EU Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,594,142	3.6
7	Amount and proportion of other taxonomy non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	15,652,614	34.9
8	Total amount and proportion of taxonomy non-eligible economic activities in the denominator of the applicable KPI	17,246,756	38.5

Taxonomy non-eligible economic activities - OpEx

	Economic activities	Proportion of taxonomy-eligible OpEx that is not taxonomy-aligned	
		Amount (EUR thousands)	%
3	Amount and proportion of taxonomy non-eligible economic activity referred to in row 3 of sheet 1 in accordance with Section 4.28 of Annexes I and II to EU Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-84,310	3.8
7	Amount and proportion of other taxonomy non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	-73,104	3.3
8	Total amount and proportion of taxonomy non-eligible economic activities in the denominator of the applicable KPI	-157,414	7.1

Taxonomy non-eligible economic activities - CapEx

	Economic activities	Proportion of taxonomy-eligible Capex that is not taxonomy-aligned	
		Amount (EUR thousands)	%
3	Amount and proportion of taxonomy non-eligible economic activity referred to in row 3 of sheet 1 in accordance with Section 4.28 of Annexes I and II to EU Delegated Regulation 2021/2139 in the denominator of the applicable KPI	130,715	1.1
7	Amount and proportion of other taxonomy non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,073,902	9.0
8	Total amount and proportion of taxonomy non-eligible economic activities in the denominator of the applicable KPI	1,204,617	10.1

Proportion of turnover from products or services associated with economic activities that comply with the taxonomy/
disclosure for 2024

Economic activities	Code ²⁵	Turnover (thousands of euros)	Proportion of turnover 2024 (%)	Substantial contribution criteria						No significant harm criteria ("No significant harm")						Minimum guarantees (Y/N)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover, year N-1 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
				Climate change mitigation (Y/N/EL)	Climate change adaptation (Y/N/EL) ^{26,27}	Water (Y/N/EL)	Pollution (Y/N/EL)	Circular economy (Y/N/EL)	Biodiversity (Y/N/EL)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity (Y/N)				
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (that comply with the taxonomy)																			
Manufacture of hydrogen	CCM 3.10./CCA 3.10.	8,617	0.0	Y	N/EL					Y	Y	Y		Y	Y	Y	0.0		
Electricity generation using solar photovoltaic technology	CCM 4.1./CCA 4.1.	291,627	0.7	Y	N/EL						Y		Y		Y	Y	0.6		
Electricity generation from wind power	CCM 4.3./CCA 4.3.	5,032,323	11.3	Y	N/EL						Y	Y	Y		Y	Y	8.8		
Electricity generation from hydropower	CCM 4.5./CCA 4.5.	1,491,095	3.3	Y	N/EL					Y	Y	Y	Y		Y	Y	3.3		
Transmission and distribution of electricity	CCM 4.9./CCA 4.9.	17,476,291	39.1	Y	N/EL					Y	Y		Y	Y	Y	Y	27.3	E	
Storage of electricity	CCM 4.10./CCA 4.10.	439,843	0.9	Y	N/EL						Y		Y		Y	Y	0.0	E	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3./CCA 7.3.	27,800	0.1	Y	N/EL						Y			Y	Y	Y	0.0	E	
Installation, maintenance and repair of recharge stations for electric vehicles in buildings (and in parking spaces attached to buildings)	CCM 7.4./CCA 7.4.	41,213	0.1	Y	N/EL						Y			Y	Y	Y	0.1	E	

²⁵ CCM: Climate Change Mitigation; CCA: Climate Change Adaptation; WTR: Water and Marine Resources; CE: Circular Economy; PPC: Pollution Prevention and Control; BIO: Biodiversity and Ecosystems.

²⁶ Y: Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective; N: No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; EL: Taxonomy-eligible activity for the relevant environmental objective N/EL: Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

²⁷ "N/EL" indicates that, although it is an activity eligible for the adaptation objective, the revenue generated by an activity adapted to climate change cannot be included in the numerator of the turnover KPI according to Annex I, section 1.1.1., second paragraph of Delegated Regulation (EU) 2021/2178. The use of "N/EL" is, in this case, equivalent to "not applicable".

				Substantial contribution criteria						No significant harm criteria ("No significant harm")									
Economic activities	Code ²⁵	Turnover (thousands of euros)	Proportion of turnover 2024 (%)	Climate change mitigation (Y/N/NE/L)	Climate change adaptation (Y/N/NE/L) ^{26,27}	Water (Y/N/NE/L)	Pollution (Y/N/NE/L)	Circular economy (Y/N/NE/L)	Biodiversity (Y/N/NE/L)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity (Y/N)	Minimum guarantees (Y/N)	Proportion of Taxonomy-aligned (A-1) or Taxonomy-eligible (A-2) turnover, year N-1 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
A. Taxonomy-eligible activities																			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5./CCA 7.5.	99,592	0.2	Y	N/EL						Y			Y	Y	Y	0.0	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6./CCA 7.6.	48,088	0.1	Y	N/EL						Y			Y	Y	Y	0.3	E	
Turnover from environmentally sustainable activities (that comply with the taxonomy) (A.1)		24,956,489	55.8	55.8	0					Y	Y	Y	Y	Y	Y	Y	40.4		
Of which: enabling		18,132,827	40.5	40.5	0					Y	Y		Y	Y	Y	Y	27.7		
Of which: transitional		0	0														0		
A.2. Eligible but not environmentally sustainable activities according to the taxonomy (not taxonomy-aligned activities)																			
Electricity generation from gaseous fossil fuels	CCM 4.29./CCA 4.29.	2,536,042	5.7														9.7		
Turnover from eligible but not environmentally sustainable activities according to the taxonomy (activities that do not comply with the taxonomy) (A.2)		2,536,042	5.7	5.7	0.0												15.9		
A. Turnover from Taxonomy-eligible activities (A.1+A.2)		27,492,531	61.5	61.5	0.0												56.3		
B. Taxonomy non-eligible activities																			
Turnover from non-eligible activities according to the taxonomy		17,246,756	38.5																
Total		44,739,288	100																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2024

Economic activities	Code ^{*28}	OpEx (thousands of euros)	Proportion of OpEx 2023 2024 (%)	Substantial contribution criteria						No significant harm criteria ("No significant harm")						Proportion of Taxonomy-aligned (A.1) or Taxonomy- eligible (A.2) OpEx, year N-1 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
				Climate change mitigation (Y/N/NE/L)	Climate change adaptation (Y/N/NE/L)** ^{29,30}	Water (Y/N/NE/L)	Circular economy (Y/N/NE/L)	Pollution (Y/N/NE/L)	Biodiversity (Y/N/NE/L)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity (Y/N)			
A. Taxonomy-eligible activities																		
A.1. Environmentally sustainable activities (that comply with the taxonomy)																		
Manufacture of hydrogen	CCM 3.10./CCA 3.10.	-2,607	0.1	Y	Y					Y	Y	Y		Y	Y	Y	0.0	
Electricity generation using solar photovoltaic technology	CCM 4.1./CCA 4.1.	-21,613	1.0	Y	Y						Y		Y	Y	Y		0.7	
Electricity generation from wind power	CCM 4.3./CCA 4.3.	-439,988	20.0	Y	Y						Y	Y	Y		Y	Y	20.1	
Electricity generation from hydropower	CCM 4.5./CCA 4.5.	-16,380	0.7	Y	Y					Y	Y	Y		Y	Y		1.3	
Transmission and distribution of electricity	CCM 4.9./CCA 4.9.	-1,437,147	65.4	Y	Y					Y	Y		Y	Y	Y		41.5	E
Storage of electricity	CCM 4.10./CCA 4.10.	-1,098	0.0	Y	Y						Y		Y	Y	Y		0.1	E
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3./CCA 7.3.	-1,339	0.1	Y	N/EL						Y			Y	Y		0.0	E

²⁸ CCM: Climate Change Mitigation; CCA: Climate Change Adaptation; WTR: Water and Marine Resources; CE: Circular Economy; PPC: Pollution Prevention and Control; BIO: Biodiversity and Ecosystems.

²⁹ Y: Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective; N: No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; N/EL: Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

³⁰ "S" indicates that the activity is eligible and meets the requirements for substantial contribution to the adaptation objective. In accordance with Annex II of Delegated Regulation (EU) 2021/2178, an activity may be aligned with several environmental objectives for which it is eligible. The most relevant environmental objective for the purpose of calculating the KPIs is indicated in bold. To avoid double counting, a percentage of CapEx or OpEx has only been allocated to activities aligned with the adaptation objective when they are not aligned with the mitigation objective.

				Substantial contribution criteria					No significant harm criteria ("No significant harm")										
Economic activities	Code ^{*28}	OpEx (thousands of euros)	Proportion of OpEx 2023 2024 (%)	Climate change mitigation (Y/N;N/EL)	Climate change adaptation (Y;N;N/EL) ^{Y**29,30}	Water (Y;N;N/EL)	Circular economy (Y;N;N/EL)	Pollution (Y;N;N/EL)	Biodiversity (Y;N;N/EL)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity (Y/N)	Minimum guarantees (Y/N)	Proportion of Taxonomy-aligned (A.1) or Taxonomy- eligible (A.2) OpEx, year N-1 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
Installation, maintenance and repair of recharge stations for electric vehicles in buildings (and in parking spaces attached to buildings)	CCM 7.4./CCA 7.4.	-1,985	0.1	Y	N/EL						Y			Y	Y	Y	0.0	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5./CCA 7.5.	-4,835	0.2	Y	N/EL						Y			Y	Y	Y	0.0	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6./CCA 7.6.	-2,316	0.1	Y	N/EL						Y			Y	Y	Y	0.2	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-1,929,306	87.8	87.8	0					Y	Y	Y	Y	Y	Y	Y	64.0		
Of which: enabling		-1,448,719	65.9	65.9	0					Y	Y	Y	Y	Y	Y	Y	41.8		
Of which: transitional		0	0.0														0.0		
A.2. Eligible but not environmentally sustainable activities according to the taxonomy (not taxonomy-aligned activities)																			
Electricity generation from gaseous fossil fuels	CCM 4.29./CCA 4.29.	-111,132	5.1														10.0		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		-111,132	5.1	5.1	0												28.2		
A. OpEx of taxonomy-eligible activities (A.1+A.2)		-2,040,438	92.8	92.8	0												92.3		
B. Taxonomy non-eligible activities																			
OpEx of taxonomy non-eligible activities		-157,414	7.1																
Total		-2,197,852	100																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2024

				Substantial contribution criteria					No significant harm criteria ("No significant harm")										
Economic activities	Code ^{*31}	CapEx (thousands of euros)	Proportion of CapEx 2024 (%)	Climate change mitigation (Y/N/EL)	Climate change adaptation (Y/N/EL)** ^{*32,33}	Water (Y/N/EL)	Circular economy (Y/N/EL)	Pollution (Y/N/EL)	Biodiversity (Y/N/EL)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity (Y/N)	Minimum guarantees (Y/N)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) CapEx, year N-1 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (that comply with the taxonomy)																			
Manufacture of hydrogen	CCM 3.10./CCA 3.10.	15,337	0.1	Y	Y					Y	Y	Y		Y	Y	Y	0.2		
Electricity generation using solar photovoltaic technology	CCM 4.1./CCA 4.1.	1,476,792	12.4	Y	Y						Y		Y		Y	Y	13.5		
Electricity generation from wind power	CCM 4.3./CCA 4.3.	2,917,055	24.4	Y	Y						Y	Y	Y		Y	Y	30.7		
Electricity generation from hydropower	CCM 4.5./CCA 4.5.	106,996	0.9	Y	Y					Y	Y	Y	Y		Y	Y	1.2		
Transmission and distribution of electricity	CCM 4.9./CCA 4.9.	5,887,403	49.3	Y	Y					Y	Y		Y	Y	Y	Y	42.5	E	
Storage of electricity	CCM 4.10./CCA 4.10.	28,132	0.2	Y	Y						Y		Y		Y	Y	0.1	E	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3./CCA 7.3.	11,869	0.1	Y	N/EL						Y			Y		Y	0.0	E	

³¹ CCM: Climate Change Mitigation; CCA: Climate Change Adaptation; WTR: Water and Marine Resources; CE: Circular Economy; PPC: Pollution Prevention and Control; BIO: Biodiversity and Ecosystems.

³² Y: Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective; N: No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; N/EL: Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

³³ "S" indicates that the activity is eligible and meets the requirements for substantial contribution to the adaptation objective. In accordance with Annex II of Delegated Regulation (EU) 2021/2178, an activity may be aligned with several environmental objectives for which it is eligible. The most relevant environmental objective for the purpose of calculating the KPIs is indicated in bold. To avoid double counting, a percentage of CapEx or OpEx has only been allocated to activities aligned with the adaptation objective when they are not aligned with the mitigation objective.

				Substantial contribution criteria					No significant harm criteria ("No significant harm")										
Economic activities	Code ^{*31}	CapEx (thousands of euros)	Proportion of CapEx 2024 (%)	Climate change mitigation (Y/N/EL)	Climate change adaptation (Y/N/EL)***32,33	Water (Y/N/EL)	Circular economy (Y/N/EL)	Pollution (Y/N/EL)	Biodiversity (Y/N/EL)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity (Y/N)	Minimum guarantees (Y/N)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) CapEx, year N-1 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
Installation, maintenance and repair of recharge stations for electric vehicles in buildings (and in parking spaces attached to buildings)	CCM 7.4./CCA 7.4.	72,135	0.6	Y	N/EL						Y			Y		Y	0.3	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5./CCA 7.5.	96,718	0.8	Y	N/EL						Y			Y		Y	0.0	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6./CCA 7.6.	18,650	0.2	Y	N/EL						Y			Y		Y	0.2	E	
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		10,631,086	89.0	89.0	0					Y	Y	Y	Y	Y	Y	Y	88.8		
Of which: enabling		6,114,907	51.2	51.2	0					Y	Y		Y	Y	Y	Y	43.1		
Of which: transitional		0	0.0															0.0	
A.2. Eligible but not environmentally sustainable activities according to the taxonomy (not taxonomy-aligned activities)																			
Electricity generation from gaseous fossil fuels	CCM 4.29./CCA 4.29.	109,916	0.9																1.4
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		109,916	0.9	0.9	0.0														1.4
A. CapEx of taxonomy-eligible activities (A.1+A.2)		10,741,002	89.9	89.9	0.0														90.2
B. Taxonomy non-eligible activities																			
CapEx of taxonomy non-eligible activities		1,204,617	10.1																
Total		11,945,619	100																

Proportion of turnover/total turnover

	taxonomy-aligned by objective	taxonomy-eligible by objective
CCM	55.8	61.5
CCA	0.0	0.0
WTR	0.0	0.0
EC	0.0	0.0
PPC	0.0	0.0
BIO	0.0	0.0

Proportion of OpEx/Total OpEx

	taxonomy-aligned by objective	taxonomy-eligible by objective
CCM	87.8	92.8
CCA	0.0	0.0
WTR	0.0	0.0
EC	0.0	0.0
PPC	0.0	0.0
BIO	0.0	0.0

Proportion of CapEx/Total CapEx

	taxonomy-aligned by objective	taxonomy-eligible by objective
CCM	89.0	89.9
CCA	0.0	0.0
WTR	0.0	0.0
EC	0.0	0.0
PPC	0.0	0.0
BIO	0.0	0.0

During financial year 2024 and in order to comply with the reporting requirements set out in the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 on the reporting of the use of debt issued for the purpose of funding specific activities that are aligned with the taxonomy and recommendations set out in Q&A of 22/02/2022 by the European Commission, the Company has issued its Sustainable Financing Report 2024. In this report, it has included a detailed list of green bonds and other debt securities corresponding to live green transactions, as well as information on the returns on its green financing, including details of the assets financed, as well as the potential beneficial impacts generated for the achievement of the objectives determined by the taxonomy regulations.

III. Social information

- ESRS S1 Own workforce
- ESRS S2 Workers in the value chain
- ESRS S3 Affected communities
- [ESRS S4] Consumers & end-users

[ESRS S1] Own workforce

1. Strategy

■ Disclosure Requirement [SBM-3]: Material impacts, risks and opportunities and their interaction with strategy and business model

The Company has both employee and non-employee workers, any of whom may be affected by material impacts on its operations. At the end of 2024, the Group had 42,208 employees on its workforce (understood as those who have a contract with any of the companies of the Group, whether permanent or temporary, or full-time or part-time).

The Company considers that non-employee workers refers exclusively to workers provided directly by temporary employment agencies. These people are not part of the Company's workforce, but are hired through these agencies to cover temporary or specific staffing needs.

At the close of 2024 there are 521 own personnel who are non-employees (of whom 9 are part-time).

The Company has assessed the material impacts, risks and opportunities related to its own personnel by applying the double materiality assessment process described in [section IRO-1 of chapter ESRS 2](#). All of the company's own personnel who could be affected by the company are included in the scope of this report.

This theoretical assessment has led to the identification of potential negative material impacts related to the company's own personnel:

- Accidents, fatalities and work-related ill-health (physical and mental) among own personnel
- Leaks of private data of own personnel (due to human error, cyber-attacks, etc.)
- Lack of representation of vulnerable groups and minorities among own personnel

Over the reporting period, there have been no widespread or systemic negative material impacts, but there have been individual cases, which are described in this chapter.

Positive material impacts have also been identified and promoted. These positive impacts illustrate the Company's commitment to the well-being and development of its own personnel, and are reflected in various activities and programmes that benefit both employee and non-employee workers.

These positive impacts and related activities are developed in [section S1-4](#), although it is worth noting:

- Recruitment, development and retention of talent.
- Social benefits and work-life balance.
- Cybersecurity and data protection.
- Equal opportunities.
- Safety and health.
- Volunteering.

No activities have been identified, nor are there any operations in countries related to child labour, forced or compulsory labour.

The Company has conducted an assessment of the main risks and opportunities arising from impacts affecting specific groups within its own workforce and related entities. This assessment has made it possible to identify areas requiring attention and to develop strategies appropriate to their purpose, scale and context, in order to mitigate risks and exploit opportunities. See “Occupational Health Services” and “Coverage of the occupational health and safety management system” sections.

With regard to the material impact of the transition plans on its own personnel, given the nature of the Group’s activities, these are taken into account in the transition plans themselves and the business strategy, and they are included in the above-mentioned risk and opportunity assessments for the company’s own employees. For more information regarding the Global Stakeholder Engagement Model, *see [SBM-2.45.a.iii]*

2. Impact, risk and opportunity management

■ Disclosure Requirement [S1-1]: Policies related to own workforce

The Company has adopted a *People Management Policy*, with the purpose of defining, designing and disseminating a model for the management of resources and human capital in order to attract, develop and retain talent, as well as to encourage the physical, mental and emotional well-being of the workforce through their personal and professional growth, making them participants in the successful business enterprise of the Group's companies and guaranteeing them a dignified and stable job within a diverse and inclusive environment. This policy, the content of which is consistent with the provisions of the *Policy on Respect for Human Rights*, and in particular with employment rights, is further developed through the following policies: the *Selection and Hiring Policy*, the *Knowledge Management Policy*, the *Occupational Health and Safety and Well-being Guidelines and Risk Limits* and the *Senior Management Remuneration Policy*.

Iberdrola has adopted a *Policy on Respect for Human Rights* and has a series of tools designed to work with, protect and respect its own personnel, with the aim of preventing, mitigating and remedying any negative impact on their rights. The Company aligns its Policies and practices with prominent international frameworks and instruments, including the United Nations (UN) Guiding Principles on Business and Human Rights; the OECD Guidelines for Multinational Enterprises; the principles underpinning the UN Global Compact; the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy; the conventions of the International Labour Organisation (including Convention 169), the Code of Ethics of the Company; as well as any documents and texts that may substitute or complement those mentioned above.

In addition to the *Policy on Respect for Human Rights*, social policies, the *Personal Data Protection Policy* and the *Purchasing Policy* are part of the human rights regulatory framework. In accordance with these policies and with the *Governance and Sustainability System*, and in relation to their own personnel, the companies of the Group explicitly undertake to: (i) respect the right to move freely within each country or territory and reject child labour, forced or compulsory labour and any form of modern slavery; (ii) respect freedom of association and collective bargaining; and (iii) not discriminate on the basis of any condition or characteristic.

With regard to Iberdrola's own personnel, the professionals of the Group companies shall, in the exercise of their activities, strictly respect the human rights recognised by national and international law in all the countries in which they operate, and shall, in particular, ensure compliance with this policy and with the regulatory framework on human rights in the Group. All employees of the Group companies are expected to act as a first line of defence for human rights by reporting any possible impact on them or any violation of the policies adopted through the channels provided by the Group companies in their respective internal information systems referred to in the *Compliance and Internal Reporting and Whistleblower Protection System Policy*.

The regulatory framework is ensured through:

- 1** Governance and Sustainability Model.
- 2** Integration of due diligence systems into human rights framework.
- 3** Three lines of defense control model.

International Human Rights Framework

- *Policy on respect for Human Rights of Iberdrola Group*
- Specific policies related to relevant human rights issues
- Human rights policies of each of the countries
- Regulations that respond to the most relevant issues that impact on human rights business areas and corporate holding
- Rules, procedures and protocols that respond to the most relevant issues that impact on human rights from the business and corporate areas of the countries

Governance and Sustainability Framework

- *By-Laws, Purpose, Code of Ethics, General Sustainable Development Policy, Stakeholder Engagement Policy* and ESG rules and policies

Regulatory framework for Sustainable Development

- *General Sustainable Development Policy*
- *Innovation Policy*
- *Human Resources Framework Policy*
- ...



The human rights regulatory due diligence framework of the Iberdrola group is based on:

Recognition of the duty of multinational companies to respect human rights.

Differences in the laws of the countries in which the group does business.

The principles established by the [*Policy on Respect for Human Rights*](#) promote due diligence processes that identify situations and activities and prioritise those with the highest risk of violating human rights, with the aim of developing mechanisms to prevent that risk, as well as mitigation and, ultimately, remediation of impacts should they materialize.

Similarly, if a violation of human rights is detected in the Company's facilities, the Company will seek to adopt, as soon as possible, remedial measures to ensure that the affected persons have access to an effective remedy through legitimate procedures and active cooperation, and will inform the relevant public authorities when such a violation may constitute an administrative, criminal or other type of infringement.

In addition to the Company's regulatory framework, several social policies have been adopted covering human rights issues, occupational health and safety, equal opportunities, work-life balance and quality, as well as the [Personal Data Protection Policy](#), which protects the right to honour and privacy in the processing of the different categories of personal data.

The various People and Organisation (P&O) policies mentioned above promote cooperation and redress in the event of any impact. These policies are designed to foster a respectful work environment where the contributions of all employees are valued and respected.

It is worth noting that specific social dialogue mechanisms are in place to provide or enable redress in the event of impacts. These mechanisms include, but are not limited to, open communication channels, various ethics mailboxes and employee surveys. Complaints are dealt with in a comprehensive manner to ensure that any concerns or disputes are resolved in a fair and equitable manner, providing support and appropriate solutions to affected employees.

The remedial measures in the event of an impact are described in more detail in [section S1-3](#).

The safety and health of people is a top priority for the Iberdrola Group and therefore strongly influences how all its activities are designed and carried out. This priority is rooted in the values of the Company, and it is formalised in the [Occupational Safety and Health Policy](#), which includes the following principles:

- Achieve a gradual reduction in accident frequency indices.
- Continue to improve safety conditions at work and ensure increasingly healthier workplaces.
- Promote a culture of excellence and coordinate global preventive actions at the group's companies.

Occupational Health and Safety Management System

The Iberdrola Group has implemented Occupational Health and Safety Management Systems with different scopes (country subholding companies, businesses), which allows it to comply with current legal provisions in the territories in which it operates and with the ISO 45001:2018 international standard. Practically all staff, workplaces and activities under Iberdrola's control are covered by one of these Management Systems.

Together, the policies described promote the elimination of discrimination, in particular harassment, the promotion of equal opportunities and other forms of promoting equal opportunities. These policies aim to ensure that all employees feel valued and respected, regardless of their racial and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, or other forms of discrimination covered by EU and national law.

In addition, to ensure that discrimination is prevented, mitigated and addressed where it occurs, these policies are implemented through specific procedures within the companies of the Group. This ensures that any issues or conflicts are resolved in a fair and equitable manner, and that support and appropriate solutions are provided to affected employees, thereby promoting equal opportunity in general.

These policies cover all employees, including those in vulnerable situations.

As a reference for the development and updating of their anti-discrimination policies, countries have adopted several local legal systems, including the following: supreme laws (e.g. Constitutions), specific national laws (related to gender, race, disability, etc.), royal decrees, judicial precedents, territorial laws, and so on.

No significant changes were made to the above Policies during the reporting period..

■ Disclosure Requirement [S1-2]: Processes for engaging with own workers and workers' representatives about impacts


The Company has a series of processes and mechanisms that ensure continuous interaction, both directly with its own employees and with workers' representatives. The most important of these are:

- **Relations with Workers' Representatives:** Open and ongoing dialogue is maintained with employee representatives, including the negotiation and updating of collective bargaining agreements and cooperation with trade unions. The relationship between the company and the trade unions is based on respect and recognition of the legitimacy of these institutions as representatives of the workers, within the principles and ethical values that guide good trade union practice.
 - The parties rely on negotiation as the main form of establishing mutual rights and obligations. Trade union negotiations are part of the Labour Relations management model in Group companies, and collective bargaining agreements are drawn up to reflect modern and progressive working practices. These agreements take into account the regional characteristics and activities of the various Group companies and aim to go beyond compliance with legal requirements.
 - In countries where there are small numbers of employees and no collective bargaining agreements (Cyprus, Greece, Poland, etc.), these employees are also covered and managed by the global practices of the country subholding company. These practices ensure that the rights and obligations of employees are respected and managed in accordance with the same principles and ethical values that govern labour relations throughout the organisation. This also ensures consistency in the management of labour relations, regardless of the size of the workforce or the existence of specific collective bargaining agreements in each country.

- **Work Climate Surveys and Focus Groups:** Work climate surveys are carried out and regular focus groups are organised to gather the opinions and suggestions of salaried staff. These instruments make it possible to identify areas for improvement and develop specific action plans.
- **Employee Experience Continuous Improvement Plan:** A continuous improvement plan is in place that focuses on the employee experience, so that employees' needs and expectations are proactively addressed.
- **P&O Mailboxes:** There are several P&O (People & Organisation) mailboxes where employees can submit suggestions or questions in a confidential manner. All contributions are analysed and an individual response is given to queries or a global response to suggestions, taking into account the specificities of the various country subholding companies.

All of these tools are essential to continuously gather the opinions and needs of the employees and to ensure that their voices are heard and taken into account in decision making. The importance of this direct communication lies in the ability to create a more inclusive and participative working environment where every employee feels valued and respected.

The frequency of communications varies considerably according to the topic and the group involved.

 Iberdrola's people			
Channels	Type of communication	Frequency of use	Significant issues
Meetings with the chairman and management team	Participatory	Regular	Recruitment, development and retention of talent
Intranet, newspaper and employee management platform	Informative	Ongoing	Social benefits and work-life balance
Volunteering channel and single employment channel	Participatory	Ongoing	Diversity and equality
Work climate surveys	Consultation	Regular	Occupational safety and health
WhatsApp for employees	Informative	Ongoing	Labour relations and rights
Ethics mailbox	Consultation	Ongoing	

The highest function and position within the company operationally responsible for ensuring collaboration between own personnel and workers' representatives is the People and Organisation division (P&O).

The *Policy on Respect for Human Rights* adopts and promotes principles in relation to human rights, and establishes that the Company's professionals must show strict respect for the human rights recognised in applicable legal provisions when carrying out their activities in all the countries in which they do business, and, in particular, shall endeavour to ensure compliance with this policy and the human rights regulatory framework established at the Group level.

The Company encourages a favourable and dynamic working environment, which aims to maximise the potential of its human capital and to foster both personal and professional development. It therefore has formal tools that measure and assess our employees' perception of various aspects of interest, and encourages their participation in this process of dialogue and constant development.

"Listen: Voice of Employees"

A global listening strategy focused on improving the employee experience has been implemented. One of the key pillars of this strategy is to listen to employees more consistently throughout the year, to gain an understanding of their needs and to be more agile in responding to identified cases.

This is exemplified by the various surveys and listening pulses conducted directly with employees through various channels. These surveys, managed by an external provider, guarantee the confidentiality of the data.

Throughout 2024, listening pulses have been carried out at various points in the lifecycle of its payroll employees, such as *onboarding* (scoring 9 in terms of satisfaction), or the People Review (implementing a performance evaluation model), in order to make improvements for the next edition and to understand training needs in terms of technical and skills aspects, international mobility or *offboarding*.

Once collected, the results were analysed so that they could be used as a basis to be able to adjust the action plans. The results were communicated to the management team and to the team leaders and employees themselves, enabling them to identify the good practices to be maintained and the opportunities for improvement, which were then translated into new action plans. These action plans were elaborated along cross-functional lines throughout the Iberdrola Group and specifically by country subholding company, and cascaded down through the managers of each organisation.

It is essential to involve managers in their action plans, to define them together and to set up a follow-up to evaluate the impact achieved.

In some of the countries where Iberdrola Energía Internacional does business, such as Cyprus and Poland, where there is a small number of employees, there are no mechanisms for evaluating the effectiveness of collaboration. Nevertheless, these countries are included in the processes and general approach of the Group, with a central management that ensures the application of the same evaluation standards and practices.

Through these mechanisms, the company ensures that cooperation with employee representatives and other stakeholders is effective, transparent and mutually beneficial to all parties:

If a situation of vulnerability is identified among employees, corrective measures are taken in all aspects to ensure the inclusion and well-being of such persons.

- **Disclosure Requirement [S1-3]: Processes to remediate negative impacts and channels for own workers to raise concerns**

Complaint and grievance mechanisms

Group companies have grievance and complaint mechanisms in place to enable concerns and needs to be expressed. They also have effective processes in place to manage potential incidents and, where appropriate, provide appropriate redress.

The internal reporting channels available through the website and the intranet, the local complaint and grievance channels, the company mailboxes or the judicial and/or administrative complaints are the most prominent means of submitting inquiries, complaints and claims to the Company, and guarantee the confidentiality of the complainant. These channels are available and accessible to all own personnel.

In particular, the “*People & Organisation Mailboxes*” provide a confidential and accessible channel for employees to raise concerns or complaints. The relationship with worker representatives also contributes to improved working practices by acting as a link with staff, allowing their concerns and worries to be effectively heard and addressed.

By working with trade unions, we can identify areas for improvement and develop joint strategies to address labour challenges. This joint approach not only strengthens the corporate culture, but also contributes to the Company's long-term sustainability and success.

In addition, the Compliance channels and processes support the receipt and management of incidents that may be of a regulatory or ethical nature, while ensuring confidentiality and protection against retaliation, as detailed in *chapter G1*.

With respect to the established management processes, there are mechanisms to file complaints and grievances in accordance with the UNGP, to face any potential negative consequences early, and carry out remedial actions where applicable. These mechanisms allow the affected parties to convey their concerns, complaints and grievances to the company, and also play a key role in monitoring the effectiveness of the measures previously implemented to mitigate and/or remedy impacts.

The main mechanisms are the ethical mailboxes available online and on the intranet, on-site complaint channels, corporate inboxes, and judicial and/or administrative complaints, among others.

Various strategies and procedures have been implemented to assess the effectiveness of the redress offered to employees in situations of negative impact. Some of the key measures and mechanisms used are described below:

- **Climate pulses:** Day to Day and Manager Relationship survey. The survey found that the level of commitment among employees was 79%, their overall satisfaction was 7.9 out of 10 and their recommendation of the company as a good place to work scored 8.2 out of 10.
- **Focus groups:** Focus groups have been put in place for monitoring and evaluating issues raised by employees. These allow for a deeper and more detailed discussion of the issues raised and how to address them.
- **Equal opportunity plans:** Plans are developed that include actions, indicators, targets, timelines, responsible parties and resources required for implementation. The purpose of these plans is to ensure that specific and measurable actions are taken to promote equal opportunity.
- **Monitoring, follow-up meetings and Continuous Evaluation:** where issues are proactively addressed and open communication is encouraged. These meetings enable impacts to be monitored on an ongoing basis and ensure that corrective action is taken.
- **Internal Regulations and Procedures:** Rules and procedures are in place which include mediation and, depending on the outcome, disciplinary action. For example, the anti-bullying and anti-harassment procedure at ScottishPower
- **Communication and Active Listening Channels in Spain:** Communication and active listening channels have been opened and enabled in order to identify the needs and suggestions of employees. These channels have helped to identify and prioritise the main concerns of employees, highlighting active listening events (in confidence, Focus Groups, Leadership Sessions...) and listening pulses for different groups.

In summary, all of the above measures allow incidents reported by employees to be recorded and monitored, ensuring that concerns and problems are addressed in a timely and effective manner, and providing appropriate solutions to remediate, where possible, the issues identified.

The mechanisms described above are also used to find out and assess whether the employees themselves are aware of and trust in the management processes.

▪ **Disclosure Requirement [S1-4]: Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions**

The companies of the Group adopt policies to manage positive and negative impacts described in *section SBM-2 of chapter S1*. Therefore, their actions are focused on improving the experience of their own personnel, the objective promotion of internal talent, improving work-life balance and occupational safety, among many other areas of work. These measures aim not only to minimise occupational risks, but also to create a safer and healthier working environment for all employees. There are also measures to promote positive incidents, which illustrate Iberdrola's contribution to the well-being and development of its own personnel. This translates into initiatives and resources dedicated to wellness programmes, career development opportunities and benefits aimed at improving employees' quality of life and job satisfaction. Those of particular note include:

- Recruitment, development and retention of talent.
- Social benefits and work-life balance.
- Cybersecurity and data protection.
- Equal opportunities
- Safety and health
- Volunteering

The People and Organisation division produces a map of structural, emerging and priority risks, which is reviewed on a quarterly basis. This review process enables the identification and assessment of negative impacts that could affect own personnel. Action plans are put in place to mitigate and manage them effectively.

Throughout 2024, various actions and programmes have been implemented at the Company and at all of the country subholding companies in order to prevent possible negative impacts and generate positive material impacts for their employees. Some of the most important actions are described below:

1. Global Green Employment (GGE)

Positive impacts: Creation of quality employment, connection to training opportunities.

Aware of the shortage of skilled workers in the electricity networks and renewable energy sectors, the general lack of awareness of professional retraining programmes and the need to project all the opportunities related to the energy transition, the companies of the Group continue to promote green employability. The platform links people to training opportunities, provides career guidance, offers information on financial support and publishes vacancies from participating companies. This platform, implemented in Spain, the United Kingdom and Mexico, currently has more than 70 collaborating *partners* and has already published nearly 5,700 vacancies.

2. Reskilling for Employment (R4E)

Positive Impacts: Reduction of educational mismatch, increase of job opportunities.

Since 2021, the Company has been co-leading the Reskilling for Employment (R4E) project, a joint initiative with major European companies to reduce skills mismatches and increase employment opportunities in sectors related to the energy transition. To date, more than 1,000 people have been retrained to adapt their careers to sustainable jobs.

3. People Plan 2024-2026

Positive Impacts: Improved talent recruitment and retention.

This initiative responds to the global challenge of anticipating the new needs of the energy sector in terms of talent attraction and retention. To this end, it is constantly reviewing its recruitment and selection processes with a view to strengthening its employer brand, promoting internal mobility as a development tool and focusing on the candidate experience.

4. Green skilling

Positive impacts: Improvement of green skills, alignment with sustainability.

Several initiatives have been successfully implemented to improve the skills of employees and to strengthen the learning culture from a business perspective. Priority has been given to training on skills related to the green economy, which is aligned with the Company's sustainability strategy. More than 2 million hours of training were dedicated to *Greenskilling* during the financial year, exceeding the target of allocating more than 50% of training to these types of skills.

5. “C3 #BreakingSilos” Knowledge Communities

- Positive Impacts: Fostering collaboration, knowledge sharing.

“C3” knowledge communities are promoted to encourage an open and participative business culture. Their aim is to “Connect, Collaborate and Contribute”. Three more communities were launched in the second year, on topics related to the strategic skills map, promoting the exchange of knowledge, experiences and best practices in a secure corporate environment. This all takes place within a global, multi-cultural and multi-lingual environment that fosters open collaboration between different businesses and countries. Some indicators that describe the scope of this initiative are:

- More than 6,700 members registered globally.
- More than 140,000 visits to the *site*.
- The more than 2,400 messages of interaction between the different participating members.

6. Masterclass

Positive Impacts: Strong participation, high satisfaction.

Throughout 2024, a total of 20 *masterclasses*, which are *online* presentations by officers and internal experts on key topics aligned with the strategic skills map. In total, almost 8,000 people participated “live”, with a total training effort (live and deferred) of more than 10,000 hours.

This training course records very high approval ratings and has become well established in a very short period of time, as a stable offering that is very much on the agenda of the teams.

7. Young Talent

Positive Impacts: Promotion of STEM vocations, equal opportunities.

The Company has further strengthened its global programmes, such as the Master's Scholarships and the International Graduate Programme, with more than 400 participants in the last three years. In the United States, we also expanded the *Avangrid Union Scholar's*, a programme developed in partnership with local technical schools in underserved communities that provides high school students with internships, training and career opportunities in the industry.

In Spain, collaboration with STEM initiatives continues to be key, with projects such as the STEAM Alliance “Niñas en pie de Ciencia” (“Girls at the forefront of Science”), which promotes careers in science and technology among girls, and educational workshops in collaboration with the University of Comillas. In addition, in partnership with Womenalia and HispaRob, electronic kits have been provided to schools to develop the technical skills of female students, thus promoting equal opportunities in scientific careers.

8. International Mobility Solutions (IMS)

Positive Impacts: Improved employee experience, flexibility.

In 2024, international mobility has been consolidated as one of the pillars of talent management. From the employee's perspective, as an opportunity for personal and professional development, and from the Company's perspective, it represents a competitive advantage to promote the exchange of knowledge, learning and *best practices*.

A new international mobility standard has therefore been launched to improve the employee experience: *International Mobility Solutions (IMS)*. This standard has been published at the main country subholding companies, together with a communication plan, so that both officers and employees are aware of the different mobility options and how they work. Their objectives are driving international mobility by offering a range of adapted solutions, greater flexibility taking into account internal and external experiences, increased clarity and legal certainty for the Company and employees.

In addition, the Global Mobility and Talent Committee has been consolidated, in which the Talent teams of the country subholding companies participate and where existing mobility opportunities are analysed, allowing for flexible international management of internal talent.

Finally, work is being carried out on *cross-boarding*, with the aim of improving the experience of employees in local moves (including before, during and after) through a digital tool.

All these global initiatives and programmes have been implemented with the aim of addressing and repairing potential negative impacts, while enhancing positive ones. Through a comprehensive and proactive approach, the aim is to manage identified potential negative incidents and to promote and strengthen the well-being and professional development of personnel.

For the initiatives and programmes implemented to be effective, the Company carries out continuous monitoring and assessment through various mechanisms and reports, ensuring an understanding of the alignment of all of the foregoing with its strategy, of the impact of its actions and of its effectiveness.

Several monthly *scorecards* are available that include the appropriate metrics in each case, such as job creation, number and category of training hours provided, satisfaction of *masterclass* participants and international mobility of employees. Some monitoring metrics have been described in the previous paragraphs.

El *The Company's Governance and Sustainability System*, its principles of conduct, policies and procedures seek to promote the management of negative impacts on its employees in order to avoid, mitigate or, where appropriate, remediate them. This includes responsible recruitment practices, and the responsible and secure use of employee data. In addition, the tensions between preventing or mitigating negative impacts and other pressures are managed in a balanced way to ensure that business decisions are always made with an ethical and responsible approach.

The resources allocated to the management of actions aimed at own personnel are part of the Group's investments and operating costs, meaning that the accounting systems do not currently have the capacity to identify and discriminate such amounts. The resources allocated include the management systems for impacts related to this area referred to in section S1 ESRS 2 SBM-3, and any other measures implemented at the facilities to prevent, mitigate or remedy potential impacts.

Corporate volunteering programme

The Iberdrola Group runs a variety of volunteering opportunities for its employees through the Iberdrola Volunteers Programme, with 22,783 volunteers taking part in 2024. Launched in 2006, it is now a global, international project in line with the Company's values and its *General Sustainable Development Policy*, aiming to channel the spirit of solidarity among employees toward social projects that promote the inclusion of vulnerable groups, improving the environment and fostering sustainable development.

Iberdrola is a member of the governing board of Voluntare, the main Spanish-speaking international network for Corporate Volunteering, with a presence in both Spain and Latin America. The Company understands Corporate Volunteering as an effective, collaborative and open tool for Social Responsibility.

The Company continues to be involved in the main international volunteering working groups and associations, including Voluntare, EVEN (Employee Volunteering European Network), IMPACT 2030 and IAVE, and participates in national and international conventions where we share volunteering best practices, such as this year's event in South Korea, where we were the only energy company in the world and the only IBEX 35 company invited to sit on the expert panels. This year we were again part of the jury for the European Capital of Volunteering, being the only company represented alongside members of the European Parliament, the Council of Europe and the Committee of the Regions.

Recognitions

Iberdrola's Corporate Volunteering programme has been recognised internationally, notably being included in the "Transforming Lives and Communities" report by Impact 2030 and the United Nations Office for Partnerships. This report highlights Iberdrola as the only company from the present energy sector, recognising its programme as a pioneer in harnessing employee skills. In addition, the programme received the Innovation Award at the IMPACT2030 Summit for its innovative approach to educating, inspiring and uniting employees around sustainable development. It also received an award from Fundación Integra for its support of training for people experiencing severe social exclusion.

Main conducts

In response to humanitarian crises, Iberdrola established the "Volunteers for DANA" programme to help the communities affected by floods in the Community of Valencia. In 2024, volunteers dedicated more than 4,200 hours of their time to charitable initiatives, with 2,162 recorded participations.

Other noteworthy initiatives:

INVOLVE initiative: International volunteering project in which Iberdrola employees help young people at risk of social exclusion in Mexico and Brazil to improve their employability through training in information technology and social skills, benefiting 165 students.

Breaking Barriers programme: Provides access to university, work placements and qualifications for young people with learning difficulties, developing skills such as confidence, communication and teamwork.

Environmental actions: Reforestation, recovery and cleaning of natural spaces, creation of refuges for endangered species and awareness campaigns on care for the environment, achieving the planting of more than 15,112 trees in 2024.

3. Metrics and targets

■ Disclosure Requirement [S1-5]: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

As described in *section MDR-T of chapter ESRS 2*, the Company has established the following targets related to sustainability issues detected in the assessment of impacts, risks, and opportunities related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities:

- External EDGE Plus certification
- Wellbeing Program
- Occupational safety
- Green Skilling *Programme*

Through these targets, the aim is to establish lines of action that encompass the principles of the *People Management Policy* and with regard to equal opportunity, the well-being and management of know-how among the Company's employees, as well as health and safety risks in the workplace.

In defining the first two targets and their milestones, the principle included in the Company's *Governance and Sustainability System* of promoting equal opportunity has been taken into account, as an aspect identified among the expectations of Stakeholders, as well as compliance with the regulatory requirements established in the area of equality.

The low representation of women in the sector in which the Group does business, with women making up only 16% of the workforce, has also been taken into account. Through these goals, the Company promotes the full and effective participation of women, and also ensures equal leadership opportunities at all decision-making levels. By increasing women's representation in management, a leadership model is promoted that reflects the reality of the communities served. In addition, we have considered the actions necessary to obtain EDGE certification, which requires compliance with the following standards validated by an independent body:

- Pay equity between men and women.
- Equal representation of men and women at different levels of the company.
- Effectiveness of equality policies and practices in areas such as pay, recruitment and promotion, leadership development, training, flexible working and organisational culture.
- Inclusion of a culture of equality, reflected in employee ratings in terms of career development opportunities.

Each target is described below.

Target: Equal opportunity - EDGE Plus certification

Strengthening human and social capital

	2024	2025	2026	2030
 External EDGE plus certification⁽¹⁾ Attainment	In progress	In progress	√	-


(1) External Certification on Diversity and Inclusion, including generational diversity, disability inclusion, Race/Ethnic, Nationality and LGBTQ+ (EDGEplus Certification) by 2026.

In line with and as a continuation of the equal opportunity - *EDGE Certification target*, and based on the same principles of conduct, the Company establishes the target of achieving **EDGE plus Certification** in 2026.

When setting the target and its milestones, consideration was given to best market practices, responding to Stakeholder expectations.

Target: Wellbeing Program

Strengthening human and social capital

	2024	2025	2026	2030
 Wellbeing Program Global deployment	Implementation	In progress	Certification	-

The Company sets the target of the **Wellness Plan** with a commitment to implement its human capital wellness plan between 2025 and 2026.

In defining the target and its milestones, the Company has taken into account the principles established in the *Governance and Sustainability System* and its policies with respect to the health, safety and wellbeing of its human capital, in response to the expectations of its Stakeholders.

This target applies to all companies of the Group, and is currently being implemented.

Target: Occupational safety

Strengthening human and social capital

	2024	2025	2026	2030
 Occupational Safety TRIR (reduction) ⁽¹⁾	-19%	-10%	-13%	-21%

(1) Reduction vs 2021

The Company establishes an **Occupational Safety** target that provides for a 21% reduction in the frequency of accidents, measured by the TRIR ratio, by 2030, taking financial year 2021 as the reference. The definition of the target and its milestones is based on metrics established for each country subholding company and is consolidated. It therefore includes all subsidiaries that are within the report boundary. Occupational safety aspects are material for the Company and its Stakeholders.

This target is also aligned with the Framework Directive on Health and Safety at Work, which guarantees minimum health and safety requirements across Europe, while allowing Member States to maintain these minimum standards or introduce stricter measures.

Target 7: Greenskilling programme

Strengthening human and social capital

	2024	2025	2026	2030
 Green skilling Program deployment	√	√	√	-

The Company sets the **Greenskilling** target that aims to implement an internal training programme among its employees.

To achieve this target, it has established a series of internal actions for 2025 and 2026, which also take into account the percentage of *Greenskilling* training hours in relation to the total number of training hours provided in the year. However, the target is reported in qualitative terms in terms of meeting the milestones set.

Upskilling and reskilling are considered to form part of green skilling training:

- *Upskilling*: This is training applied to the job position held by the worker.
- *Reskilling*: This includes training in the knowledge area of “strategic skills” aligned with the Company's strategic plan.

It is also created on the basis of an exhaustive market study that identifies the most critical skills for Iberdrola's business strategy. This study focused on the topics of technical business training and the strategic skills needed for future positioning.

The target has been set based on the evolution of training activities over the last four years, taking into account both business practice and the most consistent programmes in this time span.

Work on developing the target has begun and is currently in its first year, fulfilling its defined actions.

■ Disclosure Requirement [S1-6]: Characteristics of the Undertaking's Employees

Gender	2024	2023
Female	10,622	10,327
Male	31,568	31,939
Other	18	10
Total Group	42,208	42,276

Country	2024					2023				
	Number of employees (number of people at year-end / annual average / other methodology)					No. of employees (number of people at year-end / annual average / other methodology)				
	W	M	Other	Not reported	Total	W	M	Other	Not reported	Total
Spain	2,352	7,460	0	0	9,812	2,300	7,594	0	0	9,894
United Kingdom	2,059	4,539	0	0	6,598	1,949	4,319	0	0	6,268
United States	2,278	5,973	18	0	8,269	2,221	5,768	10	0	7,999
Brazil	3,297	12,231	0	0	15,528	3,204	12,489	0	0	15,693
Mexico	233	598	0	0	831	278	1,023	0	0	1,301
IEI	403	767	0	0	1,170	375	746	0	0	1,121

Distribution of employees by gender

Female	Male	Other	Not disclosed	Total 2024 ³⁴
Number of employees (head count / FTE)				
10,622	31,568	18		42,208
No. of permanent employees (head count / FTE)				
10,597	31,481	18		42,096
No. of temporary employees (head count / FTE)				
25	87	0		112
No. of non-guaranteed hours employees (head count / FTE)				
0	0	0		0
** No. of full-time employees (head count / FTE)				
10,128	30,886	18		41,032
** Number of part-time employees (head count / FTE)				
494	682	0		1,176

Distribution of employees by region

Spain	United Kingdom	United States	Brazil	Mexico	Other countries	Total 2024 ³⁵
Number of employees (head count / FTE)						
9,812	6,598	8,269	15,528	831	1,170	42,208
No. of permanent employees (head count / FTE)						
9,811	6,567	8,222	15,528	810	1,158	42,096
No. of temporary employees (head count* / FTE)						
1	31	47	0	21	12	112
No. of non-guaranteed hours employees (head count / FTE)						
0	0	0	0	0	0	0
** No. of full-time employees (head count / FTE)						
9,809	6,231	8,259	14,747	831	1,155	41,032
** Number of part-time employees (head count / FTE)						
3	367	10	781	0	15	1,176

** (reporting on full-time and part-time employees is voluntary)

***FTE= Full-time equivalent

As of year-end 2024, the Iberdrola Group has 42,208 employees on its workforce; Employees are considered to be those who have an employment contract with any of the companies of the group, whether permanent, temporary, full-time, or part-time. The workforce data presented in this report correspond to the end of the financial year and are based on the total number of employees.

³⁴ (number of persons at financial year-end for whole table)

³⁵ (number of persons at financial year-end for whole table)

A full-time employee is an employee who performs their job functions for the maximum time established by the labour legislation of their country of residence or the conditions established in the various collective bargaining agreements that may apply.

Our organisation maintains a strong commitment to quality employment, ensuring that more than 99 % of the workforce is made up of employees with permanent contracts and 97 % on a full-time basis. This approach facilitates job stability for employees and fosters a motivating and productive work environment, aligned with corporate values and long-term objectives. There were no significant variations in the number of part-time employees during the year.

Impacts and cases related to discrimination are reported in [section S1-17](#).

There are no employees with contracts that do not guarantee working hours.

Employees leaving their job	2024
Total number of employees leaving their job	3,795
Employee turnover (% of total workforce)	9 %

This table shows the total number of employee departures over the period, irrespective of the reason for their departure.

The number of employees is disclosed in note 40 to the [Annual Financial Information of Iberdrola S.A.](#). It should be taken into account that this number is calculated as the average workforce and that it may therefore differ from the figure included in this report.

■ Disclosure Requirement [S1-7]: Characteristics of non-employee workers in the undertaking's own workforce

Non-employees

It is not a standard practice in the group to have non-employee workers, and this type of service is only used in Spain and the United Kingdom through temporary employment agencies, in the cases provided for by law. They usually perform short-term work, helping to cover some of the functions of employees who are on sick leave or to assist with occasional additional workloads, generally in administrative tasks. They can also provide specialised work required for a specific project.

At year-end 2024, there were 521 non-employee workers (9 of whom were part-time) representing 1 % of the workforce, and therefore considered non-material. The average number of workers during the year was 440, with no significant fluctuations in this group in this period.

■ Disclosure Requirement [S1-8]: Collective bargaining coverage and social dialogue

The relationship between the Company and trade unions is based on respect and recognition of the legitimacy of these institutions as workers' representatives, within the principles and ethical values that guide good trade union practices. To this end, the parties rely on negotiation as the main form of establishing mutual rights and duties.

Trade union negotiations form part of the Labour Relations management model in the group's companies, and Collective Bargaining Agreements are entered into that reflect modern and advanced labour practices, respecting local characteristics and the different activities of the various group companies. In this way, they seek to go beyond compliance with legal requirements.

Generally speaking, the collective bargaining agreements of the Iberdrola group apply to all employees working under an employment relationship and for the account of the companies of the group, regardless of the type of contract entered into, the professional group to which they are assigned, their occupation or the job performed. The coverage broken down by country is shown in the following table:

Personnel covered by a collective bargaining agreement, by region

Country	No. of Employees 2024	% 2024	No. of Employees 2023	% 2023
Spain	8,677	88.4	8,594	86.9
United Kingdom	3,790	57.4	3,629	57.9
United States	3,737	45.2	3,667	45.8
Brazil	15,528	100	15,693	100.0
Mexico	76	9.2	368	28.3
IEI	310	26.5	394	35.2
Total	32,118	76.1	32,345	76.5

The percentage of employees covered by employee representatives in Spain is 88%. Otherwise, there is no representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

Coverage	Collective bargaining agreement coverage		Social Dialogue
Ratio	EEA Employees	Non-EEA employees	Workplace representation (EEA only)
0-19%	N/A	Mexico	N/A
20-39%	N/A	IEI	N/A
40-59%	N/A	United States United Kingdom	N/A
60-79%	N/A	N/A	N/A
80-100%	Spain	Brazil	Spain

Disclosure Requirement [S1-9]: Diversity metrics

The Company considers human and social capital to be highly important. Female representation in management, which reflects the reality of the communities served, contributes to attracting and retaining the best talent. In the sector in which the Group does business, women make up only 16% of the workforce. In this context, the objective of increasing the percentage of women in key positions is one of the pillars of the promotion of equal opportunity and reduction of inequalities.

With regard to **leadership and other positions reporting to the Board of Directors or the committees thereof**, the percentage of women in senior positions increased to 28.9% by year-end 2024, compared to 27.8% in 2023.

In 2024, the total number of this group amounted to 806 employees, standing at 28.9% women (233) and 71.1% men (573), as indicated above.

With this metric, the companies of the Group monitor the full and effective participation of women and promote equal leadership opportunities.

Distribution of employees by age

Category	No. 2024	% 2024	No. 2023	% 2023
Up to 30 years old	7,677	18	7,880	19
Between 31 and 50 years old	26,420	63	26,107	62
Over 50 years old	8,112	19	8,290	20
Total	42,208	100	42,276	100

Disclosure Requirement [S1-10]: Adequate Wages

Iberdrola's *Governance and Sustainability System*, as a general principle of conduct of its human resources management model, promotes respect for the human and labour rights recognised in domestic and international law, guaranteeing a stable job and a decent wage, promoting the physical, mental and emotional well-being of the workforce

To this end, the principles of employee remuneration policy provides for the payment of decent and fair salaries in cash, above the legal minimum wage established in each country, and an array of social benefits and entitlements adapted to the different social and labour realities of the territories in which the Group operates, and which are above the average for companies in each country in terms of pension, savings and health insurance benefits (see section [S1-11](#)).

All employees are paid an appropriate salary above the benchmark, which corresponds to the legal minimum wage in the country concerned.

■ Disclosure Requirement [S1-11]: Social protection

Iberdrola's employees are covered against loss of income due to major life events.

The company provides its employees with social protection through public programmes, where required by law, and also through private insurance policies against loss of income due to any of the following major life events:

- a. sickness,
- b. unemployment starting from when the own worker is working for the undertaking,
- c. employment injury and acquired disability,
- d. parental leave and
- e. retirement.

Social protection is understood to refer to all measures that provide access to health care and income support in case of life events such as job loss, illness, childbirth and raising a child, retirement, etc.

In addition to the above, there are no significant differences in the benefits offered to part-time employees compared to those offered to full-time employees of Iberdrola, S.A., subsidiaries of Iberdrola España, Iberdrola Energía Internacional, ScottishPower, Avangrid, Neoenergia and Iberdrola México.

■ Disclosure Requirement [S1-12]: Persons with disabilities

The inclusion of people with disabilities in the workforce is increasing year on year, thanks to the [*Equal Opportunity and Anti-Harassment Policy*](#) put in place and the improvement of available records. It should be noted that the published indicators take into account local legal definitions in each country, as there may be some methodological differences in how a person with a disability is considered³⁶.

Employees with disabilities³⁷

Employees	2024	2023
Men	597	467
Women	338	275
Total	933	742
Total (%)	2.21 %	1.75 %

³⁶ Persons with disabilities are persons with long-term physical, mental, intellectual or sensory impairments which, when combined with various barriers, may prevent their full and effective participation in society on an equal basis with others.

³⁷ This table does not reflect information from the United Kingdom.

■ Disclosure Requirement [S1-13]: Training and Skills Development metrics

In the Iberdrola Group, employees are subject to an annual evaluation of their contribution and skills, adapted to their professional level and responsibilities. These appraisals are individual and encourage dialogue between managers and employees, who also participate in self-assessment and in drawing up their development plan.

A global tool is used to manage these processes consistently and in real time. In 2024, 80.1% of employees participated in these assessments.

Employees with performance reviews - Men (%)

Categoría	2024	2023
Leadership	89.2	93.1
Qualified technicians	88.6	85.3
Skilled workers and support personnel	73.9	73.9
Average men	80.2	79.0
Average Group	80.1	78.4

Employees with performance reviews - Women (%)

Categoría	2024	2023
Leadership	88.6	91.9
Qualified technicians	89.3	84.3
Skilled workers and support personnel	61.1	58.8
Average women	80.0	76.3
Average Group	80.1	78.4

Taking into account the employee figures disclosed in the preceding table, the number of performance reviews was 33,800.

Moreover, the number of performance reviews in proportion to the number of reviews approved by management was 33,580.

The Company considers the continuous training of its employees to be fundamental to the long-term sustainability of its business model and to have a positive impact on its employees. Not only does training enhance the expertise and skills of teams, but it also fosters a culture of innovation, safety and responsibility. By providing structured training programmes tailored to the needs of each area, teams are better equipped to meet the challenges of the energy sector.

In 2024, a learning management platform, *Workday Learning*, was implemented to deploy the training strategy and digitalise training support processes.

Through a simple and intuitive design, this platform brings together the various training resources in a single point of access, facilitating their use and improving the training experience for employees. Beyond its technological approach, this tool enhances and reinforces globally consistent training processes, ensuring robustness and optimal compliance by all those involved in training.

Outstanding results have been achieved in terms of training throughout 2024, far exceeding the original targets. The most significant data are presented below:

- Global training hours: + 3 million hours.
- Training hours plan: We exceeded our annual plan by 42% of the hours.
- Hours of training per employee: +70 hours.
- Staff coverage: 95% of the global workforce received training throughout the year.
- Training catalogue: More than 40,000 courses available in more than 15 languages.
- Training format: 77% *blended* and 23% digital.
- Masterclasses: 20 masterclasses held, with more than 8,000 views.
- Knowledge Communities: 7 communities launched with almost 7,000 members.
- Hours of training by knowledge area: +44% on the initial hours planned in strategic capabilities.

Hours of training by professional category and gender³⁸

Category	Men 2024	Women 2024	Men 2023	Women 2023
Leadership	63,175	32,093	64,445	27,122
Qualified technicians	562,598	280,213	533,641	259,545
Skilled workers and support personnel	1,751,632	390,109	1,858,877	310,793
Total	2,377,405	702,415	2,456,963	597,459

Average hours of training by average personnel, professional category and gender³⁹

Category	Men 2024	Women 2024	Men 2023	Women 2023
Leadership	36.9	43.9	38.0	40.6
Qualified technicians	49.2	45.2	48.0	43.8
Skilled workers and support personnel	96.1	114.1	99.3	90.9
Total	75.8	67.9	77.9	59.7

³⁸ Does not include information on non-employees.

³⁹ Does not include information on non-employees.

■ **Disclosure Requirement [S1-14]: Health and safety metrics**

Workers covered by an occupational health and safety management system

The Group’s Occupational Health and Safety Management Systems are designed in accordance with current legal and regulatory requirements and apply to the entire workforce, contractors, suppliers and visitors to protect their health and safety.

Information on incidents is collected, assessed and reported based on the procedures established by law and internal company regulations. Certification of the management systems under the ISO 45001:2018 standard ensures uniformity with regard to the methodology for implementing them.

In general, all employees are covered by the occupational health and safety system in their respective locations. However, there may be exceptions in certain locations as a result of specific local norms. In Brazil, work continues to bring 100% of employees within the coverage of ISO 45001:2018 certification. Meanwhile, at Iberdrola Energía Internacional, although practically 75% is covered by the management system, in several of the countries where it operates the minimum number of employees required for certification has not been reached. In the United States, certification covers all employees and operations in both the renewables and networks business areas; employees in the offshore wind business are not covered by a certified management system, but do have the fundamental processes of a management system in place, and are expected to be certified in the near future.

Coverage of the health and safety management system (own personnel)

Employees covered	No. 2024	% 2024	No. 2023	% 2023
Employees covered by occupational health and safety management system	41,011 ⁴⁰	99.1	41,404	97.9

⁴⁰ Iberdrola Inmobiliaria is not included within the report boundary for this information.

Main elements of the health and safety systems

Elements	Spain	United Kingdom	UNITED STATES	Brazil	Mexico	IEI
Is there a system?	Yes	Yes	Yes	Yes	Yes	Yes
Reference regulation	Law 31/1995	UKHS-GSP-SMS2008 Health & Safety Legal Register - Lists all the Legal Requirements	Only for offshore wind	Decree Law 5454/43 - Consolidation of Labour Laws	None	Depending on the country
Scope	All 15 companies covered by the collective bargaining agreement	All employees	Networks and renewables businesses, Rest of the Corporation	Celpe, Cosern, Elektro, Termopernambuco and renewables business	Electricity generation businesses. Coverage of employees at corporation in process	IEI, ICI and IRI. Renewables and Retail
Certification	ISO 45001	ISO 45001	ISO 45001	ISO 45001	ISO 45001	ISO 45001
Are there formal risk identification procedures?	Yes	Yes	Yes	Yes	Yes	Yes
Are there action plans linked to risks?	Yes	Yes	Yes	Yes	Yes	Yes
Are there formal procedures for giving notification of hazards?	Yes	Yes	Yes	Yes	Yes	Yes
Are there policies and procedures for withdrawing from situations that may cause injury or ill health?	Yes	Yes	Yes	Yes	Yes	Yes
Are there processes for investigating work-related incidents?	Yes	Yes	Yes	Yes	Yes	Yes

Occupational diseases among own personnel (no.)

Diseases	2024	2023
Fatalities	0	0
No. occupational diseases	4 ⁴¹	7

⁴¹ In compliance with Law 11/2018, it is hereby noted that the gender of persons with occupational ill health is three men and one woman.

In 2024, the diseases detected in own personnel fell into the following typologies:

- 2 diseases due to contact with harmful substances at ScottishPower.
- 1 carpal tunnel syndrome at Avangrid.
- 1 hearing loss caused by noise at Avangrid.

Number of days lost for own staff

Days lost	2024	2023
Number of days lost for own staff	9,345	5,298

Days lost are calculated as calendar days lost per incident from the first day of sick leave, excluding ESRS exemptions. Days lost in 2024 due to incidents in previous years are also included in the calculation.

Accident rate for own staff

Category	Employee	Non-employee
Number of accidents	969	0
Men	800	0
Women	96	0
Other	73	0
Accident rate with sick leave	99	0
Men	92	0
Women	7	0
Other	0	0
Accident rate with fatalities⁴²	1	0
Men	1	0
Women	0	0
Other	0	0
Number of hours worked	84,452,248	821,836
Men	64,550,311	648,549
Women	19,877,350	173,287
Other	24,587	0
Injury rate (IR)	1.17	0
Men	1.43	0
Women	0.35	0
Other	—	0
% Own personnel covered by the health and safety system	99.1 %	85.5 %

Accident rate (value chain personnel)

During 2024, there were 7 fatalities among subcontractor staff.

⁴² The figure for fatal accidents is included in the values for accidents with sick leave.

Occupational diseases among subcontractor personnel (no.)

Diseases	2024	2023
Fatalities	0	0
No. occupational diseases	2	0

In the event of a serious occupational accident, a risk assessment is carried out with the aim of classifying the risk as low, medium or high.

Based on the final score, the relevant measures will be taken to eliminate and/or minimise such risks.

Absenteeism among own personnel (missed hours)

Absenteeism	2024	2023
Occupational injury and disease	53,031	29,925
Common illness and Covid-19	1,406,649	1,254,101
Total	1,459,680	1,284,026

Disclosure Requirement [S1-15]: Work-life balance metrics

Work-life balance and labour disengagement policies

The work-life balance is promoted by facilitating measures for family and child care, maternity and breastfeeding. 100 % of own employees are entitled to family leave, of whom 6.7 % (6.2 % of men and 8 % of women) of staff took such leave.

The latest trends in management and the use of new technologies promote organisational efficiency, but at the same time blur the boundaries between time spent at work and time spent at home. As stated in its [People Management Policy](#), the Company considers it a priority for its professionals to be able to fully develop their personal lives in a way that is compatible with their work. For this reason, the Company's policies promote the effective separation of the personal and professional spheres, with particular attention to the disconnection of digital devices, without favouring or discriminating against professionals.

Iberdrola's family leave benefits include maternity leave, parental leave and leave for carers within the same household, with 100% of the employees being eligible for these benefits, as they are covered by the various collective bargaining agreements.

Leave for family reasons

Leave	Men 2024	Women 2024	Men 2023	Women 2023
Employees entitled to parental leave (No.)	31,568	10,622	31,939	10,327
Employees entitled to parental leave (%)	100	100	100	100
Number of employees taking parental leave	870	320	897	352
% of employees who returned to work after parental leave ended	3 %	3 %	3 %	3 %
Number of employees who returned to work after parental leave ended	1,193	311	1,079	307
Number of employees who returned to work after parental leave ended and who were still employed after 12 months	1,112	290	1,139	275
Return-to-work rate	119.7	97.1	99.3	87.2

Disclosure Requirement [S1-16]: Compensation metrics (pay gap and total compensation)

Equal pay and the wage gap

The Company facilitates and promotes equality of opportunity and non-discrimination for Group professionals through its *Equal Opportunity and Anti-Harassment Policy*, with the current collective bargaining agreements at the companies of the Iberdrola Group ensuring equality in starting wages for men and women.

In line with the above, Iberdrola has obtained the global EDGE certification, the world's leading evaluation method that assesses and certifies companies and institutions for their efforts to promote equal opportunity in the workplace, including pay equity. Specifically, it has achieved the second level of certification (EDGE Move), which indicates that the organisation is not only committed to equal opportunity, but that it has taken concrete steps to translate this commitment into action. It also demonstrates that equal opportunities practices have been sustainably integrated into the organisation and are a key strategic area for its future success.

In terms of wage gap, the ratio between men's and women's average salary at Iberdrola Group is 97.3% in 2024.

Gender pay gap²⁰²⁴ ⁴³

Iberdrola (EUR)	Men's remuneration/ Women's remuneration	(Men's remuneration - Women's remuneration) / Men's remuneration
Total average salary	97.3	-2.8

The underlying cause of the salary gap is the smaller presence of females within the staff, a common situation in the energy sector, and which is more pronounced in management and technical positions.

To mitigate this reality, work is ongoing in the following areas:

- On equitable professional development through the implementation of specific training plans for women.
- On including new generations and promoting STEM careers in groups within the industry with a higher minority representation.
- On promoting scientific careers among young people and female students, who will go on to form part of the future talent pool.
- On promoting measures of work-life balance that equally benefit men and women, so that they can exercise co-responsibility in family duties and thus establish the conditions required for parity.
- On the introduction of new measures to further promote equal opportunity in the recruitment process for officers.
- On conducting annual pay gap assessments, establishing action plans based on the results and their evolution.
- On gradually increasing the presence of women in positions of prominence and responsibility.
-

With regard to leadership and other positions reporting to the Board of Directors or its committees, the percentage of women in senior positions increased to 28.9% by year-end 2024, compared to 27.8% in 2023 (see S1-9).

In addition, the percentage of women in positions of responsibility rose to 35.0% in 2024, compared to 34.4% in 2023.

Annual total compensation ratio

The main countries in which the Iberdrola Group does business are Spain, the United Kingdom, the United States, Brazil and Mexico, where the compensation remuneration ratios are set forth in the table below.

⁴³ The calculation of total hourly remuneration takes into account: fixed salary, variable salary, allowances and overtime.

Country ⁴⁴	Highest level of remuneration	Annual total compensation ratio ⁴⁵
Spain	Director	38.37
United Kingdom	CEO	24.62
United States	CEO	24.43
Brazil	Director	24.00
Mexico	CEO	16.93

At the consolidated level, the total annual remuneration ratio⁴⁵ for the highest-paid employee in the organisation with respect to the median total annual compensation of all employees (excluding the highest-paid employee) was 56.27⁴⁶ in 2024.

■ Disclosure Requirement [S1-17]: Incidents, complaints and severe human rights impacts

During the 2024 financial year, 191 cases of discrimination, including harassment, were analysed, of which 129 were closed. There were 24 dismissals and corrective action was taken in a further 12 cases. There were no fines, sanctions or compensation for these incidents.

There are no human rights-related complaints from non-employee workers.

Response and remediation plans

With regard to communications received through the ethics mailboxes, in 2024 a total of 5,850 were received, of which 1,757 were queries and 4,093 were complaints. Of the 4,093 complaints received, 3,299 were accepted for processing. In 25% of the cases of complaints allowed to proceed, some type of disciplinary measure was taken upon showing that there had been improper conduct or conduct contrary to the *Code of Ethics*. Of the total of 3,299 complaints that were accepted for processing, 308 were classified as having a potential impact on human rights.

During the reference period, the Company has maintained its firm commitment to respect for human rights, aligning itself with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration, and the OECD Guidelines for Enterprises.

⁴⁴ Spain: Iberdrola, S.A.; Iberdrola España; Iberdrola Energía Internacional. United Kingdom: ScottishPower. United States: Avangrid. Brazil: Neoenergia. Mexico: Iberdrola México.

⁴⁵ Annual total compensation includes fixed salary, cash salary supplements, variable remuneration, long-term incentives, and benefits.

⁴⁶ Figure not adjusted for differences in purchasing power between countries.

It is reported that there have been no serious human rights incidents involving company personnel. In the absence of serious human rights incidents, no fines, penalties or compensation have been recorded. Therefore, a reconciliation of monetary amounts to the financial statements is not applicable in this respect.

Entity-specific indicators

⁴⁷Employment

Employees by type of employment and contract⁴⁸

Category	Subcategory	Total 2024 ⁴⁹	Total 2023
By type of employment	Full-time	41,032	41,330
By type of employment	Part-time	1,176	946
By type of contract	Permanent	42,096	42,129
By type of contract	Temporary	112	147
Employees	Total	42,208	42,276

Total workforce by employment type, gender and age at year-end

Gender and age	Full-time 2024	Full-time 2023	Part-time 2024	Part-time 2023
Men	30,886	31,540	682	400
Up to 30 years old	5,436	5,710	108	65
Between 31 and 50 years old	19,456	19,633	494	265
More than 51 years old	5,993	6,197	80	70
Women	10,128	9,780	494	546
Up to 30 years old	2,060	2,019	66	83
Between 31 and 50 years old	6,135	5,845	326	357
More than 51 years old	1,932	1,916	102	106
Total	41,032	41,330	1,176	946
Up to 30 years old	7,503	7,732	174	148
Between 31 and 50 years old	25,599	25,484	820	622
More than 51 years old	7,930	8,114	182	176

⁴⁷As the percentage interests in certain companies may not be 100%, sums may not correspond to the total presented due to rounding.

⁴⁸We do not have employees working non-guaranteed hours.

⁴⁹This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

Total workforce by contract type, gender and professional category

Gender and category	Permanent contract 2024	Permanent contract 2023	Temporary contract 2024	Temporary contract 2023
Men	31,481	31,840	87	100
Leadership	1,725	1,740	4	1
Qualified technicians	11,603	11,436	31	42
Skilled workers and support personnel	18,153	18,664	52	57
Women	10,597	10,280	25	47
Leadership	744	709	1	1
Qualified technicians	6,362	6,101	14	35
Skilled workers and support personnel	3,491	3,470	10	11
Total	42,096	42,129	112	147
Leadership	2,471	2,450	5	2
Qualified technicians	17,974	17,542	45	77
Skilled workers and support personnel	21,651	22,137	62	68

Employees by professional category

Category	No. 2024	% 2024	No. 2023	% 2023
Leadership	2,476	6	2,452	6
Qualified technicians	18,019	43	17,619	42
Skilled workers and support personnel	21,713	51	22,205	53
Total Group	42,208	100	42,276	100

Dismissals at the company

Category	Subcategory	Men 2024	Women 2024	Men 2023	Women 2023
By age, in numbers	Up to 30 years old	124	61	99	49
	Between 31 and 50 years old	465	161	473	135
	Over 50 years old	80	22	130	28
By professional category	Leadership	30	11	23	3
	Qualified Technicians	183	103	152	84
	Skilled workers and support personnel	456	130	527	125
Total in numbers⁵⁰		669	244	702	212

⁵⁰ This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

Average salary by age group and gender⁵¹

Iberdrola (EUR)	Men 2024	Men 2023	Women 2024	Women 2023	Total 2024	Total 2023
Up to 30 years old	40,804	35,693	38,584	34,509	40,220	35,377
Between 31 and 50 years old	53,982	50,524	60,582	58,055	55,620	52,317
Over 50 years old	94,603	89,140	89,082	84,755	93,204	88,053
Total average salary	59,350	55,255	61,616	58,436	59,944	56,035

Average salary by professional level⁵²

Iberdrola (EUR)	2024	2023
Leadership	165,018	157,032
Qualified technicians	72,903	68,497
Skilled workers and support personnel	37,432	35,193
Total average remuneration	59,944	56,035

Occupational health services

The Group companies have occupational risk prevention, health and well-being programmes in place that include regular legal assessments, hygiene measurements, internal and external audits, ISO 45001:2018 management system controls, health monitoring, and accredited medical services.

The companies of the Iberdrola Group have professional occupational health services, advice and support to effectively manage health and safety risks at work, performing absence management, drug and alcohol testing, health monitoring, protection of specific communities, international travel assistance, management of retirement on health grounds, first aid, rehabilitation, specialist health counselling, overseas employee services, overseas business travel health assessment, voluntary medical exams and for personnel especially sensitive to specific risks, employee self-referrals, early intervention, specialist support services, wellness programmes, mental health programmes, skills development programmes and healthy eating programmes.

These services are protected by medical confidentiality and files are kept in such a way so as to guarantee the confidentiality of the information contained in the files.

⁵¹ Wage remuneration includes fixed salary, variable salary and supplements.

⁵² Wage remuneration includes fixed salary, variable salary and supplements.

Occupational Health and Safety Management System

The Iberdrola group has implemented Occupational Health and Safety Management Systems with different scopes (country subholding companies, businesses), which allows it to comply with current legal provisions in the territories in which it operates and with the ISO 45001:2018 international standard. Practically all staff, workplaces and activities under Iberdrola's control are covered by one of these Management Systems.

Accident rate for own staff

Number of accidents	2024	2023
With major consequences	18	5
Men	18	4
Women	0	1
Without leave	870	796
Men	708	705
Women	89	91
Severity index⁵³	0.11	0.06
Men	0.13	0.07
Women	0.05	0.05

Accident rates Total Iberdrola

Rate	2024
Rate of work-related accidents with major consequences - (Own	0.21
Rate of fatalities - (Own personnel) ⁵⁵	0.01
Injury rate per work-related accident - (Own personnel) ⁵⁶	3.17
Rate of work-related accidents with major consequences - (Subcontractor	0.16
Rate of fatalities - (Subcontractor personnel)	0.06
Injury rate per work-related accident - (Subcontractor personnel)	3.24

⁵³ Severity index = (number of calendar days lost per accident, as from first day of leave/hours worked)*1,000. As the participation percentages in some companies differ from 100%, rounding may cause their total to differ from the presented total.

⁵⁴ Rate of high-consequence work accidents = Number of high-consequence work-related injuries (excluding fatalities) / Number of hours worked x [1,000,000]

⁵⁵ Rate of fatalities = Number of fatalities as a result of work-related injuries / Number of hours worked x [1,000,000]

⁵⁶ Rate of work-related injuries = Number of recordable work-related injuries (except first aid) / Number of hours worked x [1,000,000]

Accident rate of subcontracted staff

Category	2024	2023
With major consequences	18	17
Men	17	17
Women	1	0
Without leave	778	590
Men	669	547
Women	71	43
Injury rate (IR)⁵⁷	1.77	1.78

⁵⁷ Methodology used for calculating the indicators:

Injury rate (IR) = (number of accidents with leave*1,000,000)/hours

As the percentage interests in certain companies may not be 100%, sums may not correspond to the total presented due to rounding.

Worker participation, consultation and communication on occupational health and safety

The Iberdrola group companies promote a culture of communication, consultation and participation on topics relating to occupational health and safety. This is achieved through the dissemination of prevention plans, the creation of joint and collective occupational health and safety committees (with regular meetings), the provision of formal and informal channels for consultation by employees, training plans on occupational risk prevention, general communication and consultation procedures, panels of qualified employees, strategic safety meetings, the use of the corporate intranet, and other media such as magazines, display screens at the plant, etc. Thus:

- Spain has an Central Occupational Health and Safety Committee.
- In the UK, there is a Health and Safety Governance Committee, as well as executive teams, a Health and Safety Department, and Health and Safety Forums.
- In the United States, Avangrid has panels of qualified workers and a Strategic Safety Board that meets on a monthly basis.
- Brazil has Health and Safety Committees, as does Mexico, which has a Health and Safety Committee.
- Iberdrola Energía Internacional (IEI) has committees that vary from country to country.

Own staff represented on safety and health committees (%)

Country	2024	2023
Spain	100.0	98.6
United Kingdom	100.0	91.6
United States	100.0	100.0
Brazil	100.0	100.0
Mexico	94.0	99.3
IEI	9.3	21.8
Total Group	97.3	96.3

[ESRS S2] Workers in the value chain

1. Strategy

- **Disclosure Requirement [SBM-3]: Material impacts, risks and opportunities and their interaction with strategy and business model**

In disclosure requirement *section SBM-1 of chapter ESRS 2*, the Company describes the identification of potential impacts on employees at all stages of the value chain and concludes that the current lack of traceability in global value chains does not provide sufficient information to determine the materiality of the associated impacts, risks and opportunities.

In any case, the Company promotes a sustainable value chain by accompanying its suppliers in the continuous improvement of their sustainability performance, including strengthening their human rights due diligence, as described in *sections S2-2 and S2-3*. To this end, measures are established (described in *S2-4*) for the prevention, mitigation and remediation of impacts to avoid human rights violations wherever possible.

2. Impact, risk and opportunity management

■ Disclosure Requirement [S2-1]: Policies related to value chain workers

The Company has policies through which it establishes the principles for the management of the main impacts, risks and opportunities in relation to workers in the value chain. The policies and codes described below incorporate the aspects relating to workers in the value chain.

The *Purchasing Policy* includes the aim of promoting the occupational health and safety of the professionals involved in the value chain, raising awareness and establishing controls to mitigate the risks inherent in the work carried out, in accordance with the guidelines on procurement risk limits, and requiring contractors to comply with the safety standards adopted, integrating them into the established preventive culture, all based on the best international practices in this field.

Moreover, it should be noted that the Company's *Code of Ethics* establishes standards to guide the conduct of those subject to it in their relations with the companies of the Group and with third parties.

In addition to the *Policy on Respect for Human Rights*, social policies, the *Personal Data Protection Policy* and the *Purchasing Policy* are part of the human rights regulatory framework. In accordance with these policies and with the *Governance and Sustainability System*, and in relation to their own personnel, the companies of the Group explicitly undertake to: (i) respect the right to move freely within each country or territory and reject child labour, forced or compulsory labour and any form of modern slavery, endeavouring to ensure and promoting the removal of this type of situation from its supply chain; (ii) respect freedom of association and collective bargaining; and (iii) not discriminate on the basis of any condition or characteristic. Also addressed is respect for the right to a clean, healthy and sustainable environment and, in particular.

The *Policy on Respect for Human Rights* reflects the Company's focus on human rights in its value chain. This policy establishes compliance mechanisms in line with the United Nations (UN) Guiding Principles on Business and Human Rights; the OECD Guidelines for Multinational Enterprises; the principles underlying the UN Global Compact; the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy; the International Labour Organization Conventions (including Convention 169); the Universal Declaration of Human Rights. This policy adopts and promotes the principles related to the early identification and management of potential and real impacts on human rights through due diligence processes as well as the availability of communication and complaint mechanisms with sufficient guarantees and appropriate resolution procedures, to address potential cases of human rights violations and the adoption of corrective measures that ensure that affected persons have access to an effective remedy through legitimate processes and active cooperation.

The Company uses its best efforts through its due diligence mechanisms described in this chapter to ensure that workers in the value chain enjoy their labour rights. No incidents related to the violation of these rights were identified in 2024.

The collaboration with workers in the value chain starts with the inclusion of specific clauses in supplier contracts based on the Universal Declaration of Human Rights, ILO Conventions and the United Nations principles. Suppliers are required to comply with these clauses and to allow audits to verify their implementation. In the event of non-compliance and failure to take corrective action, Group companies reserve the right to terminate contracts. Supplier audits were carried out in 2024 regarding sustainability issues, including social issues, and the results were positive, with no significant deviations found. The whistleblowing channels are publicised and available to all employees in the value chain.

The company puts in place mitigation and remediation mechanisms to prevent, minimise and remediate potential negative human rights impacts. When violations occur, the company adopts corrective measures to ensure that affected persons have access to an effective remedy. With respect to mitigation measures, there are contractual guarantees with suppliers, supplier performance evaluations, as well as the performance of audits and improvement plans and the monitoring thereof. Remediation measures include investigations and remediation plans, as well as cooperation with the relevant authorities when necessary. Group companies have appropriate whistleblowing channels and mechanisms in place to address potential human rights violations.

As described in the disclosure requirement *section SBM-3 of chapter ESRS 2*, the Company does not have sufficient information to draw conclusions on the impacts of the value chain on sustainability issues, including employees in the value chain. In any case, since 2021, the Company has monitored the situation regarding potential forced labour described in S2-4. The company has processes in place for the early identification and management of potential impacts to avoid possible human rights impacts.

■ Disclosure Requirement [S2-2]: Processes for engaging with value chain workers about impacts

The Company has implemented processes to prevent potential impacts related to value chain workers and their legitimate representatives in different stages and types of collaboration.

The *Code of Ethics* of the Iberdrola Group is a key element in the integrity of Iberdrola's businesses. The Company strives for its conduct and that of the persons related thereto to comply with and conform, not only to current law and its *Governance and Sustainability System*, but also to generally accepted ethical and sustainable development principles, and, in particular, to respect the human rights recognised in domestic and international law.

This code of ethics also sets out the ethical principles that must govern the conduct of suppliers to companies of the Group, which they must expressly accept before entering into a contractual relationship with such companies and which are annexed to orders and contracts.

The [Code of Ethics](#) reinforces the principles and requirements to be met by suppliers to the Iberdrola Group, in that they must ensure that their own suppliers and subcontractors adhere to principles of conduct equivalent to those set out in the [Code of Ethics](#). In turn, they are required to apply equivalent requirements throughout their respective supply chains.

All suppliers to the Iberdrola Group who are invited to participate tenders are required to accept that their participation in the bidding process and, if they are awarded the contract, their conduct during the term of the contract, will be subject to compliance with the [Suppliers' Code of Ethics](#).

Prior to this, and in the case of a new supplier, during the registration process in the systems, the supplier will be explicitly asked to confirm that they have read, understood and agree to comply with the [Suppliers' Code of Ethics](#) of the Iberdrola Group.

Finally, the [Suppliers' Code of Ethics](#) is attached to all orders and contracts issued by the companies of the Iberdrola Group and is integrated as a contractual document, thus reinforcing the obligation of suppliers to comply with it.

The Purchasing procedure requires a technical evaluation to be carried out, including compliance with occupational health and safety requirements.

In addition, the General Terms and Conditions of the Group companies include contractual requirements for suppliers (contractors, subcontractors and freelancers) on occupational health and safety prior to the commencement of work, as well as information on workplace risks and risks arising from the presence of other workers. The General Terms and Conditions also stipulate the obligation to report all accidents and incidents in this area, as a legal requirement for cooperation, coordination and vigilance.

These terms and conditions contain contractual clauses that oblige the parties to act within the highest standards of safety, occupational risk prevention and respect for the environment and also incorporate specific human rights clauses.

Furthermore, if the supplier is required to outsource the performance and/or fulfilment of the supply entrusted to it by the Company, the supplier shall stipulate the above-mentioned principles in the contractual terms and conditions that apply to the subcontractor or reseller.

The supplier shall at all times during the term of the contract allow Iberdrola to review the degree of compliance with the principles set out in these clauses.

In addition, in the event of an impact on workers in the value chain, there are mechanisms for reporting and recording incidents among contractors of the Iberdrola Group's companies operating at their own work centres.

The Company has reporting channels in place that allow shareholders, directors, professionals, suppliers and other third parties, as determined by law, to report any improper conduct or potential unlawful acts or acts contrary to law or to the *Governance and Sustainability System*, with an impact on the company, its contractual relationship with its suppliers, or the interests and image of Iberdrola. Reports can be made through the ethics mailboxes available online and on the intranet, on-site complaint channels, corporate inboxes, and judicial and/or administrative claims. All of this is without prejudice to the fact that they may send their grievances or reports to the Independent Whistleblower Protection Authority (Autoridad Independiente de Protección al Informante) or to any other competent institution, body or entity. Communications through the internal reporting channels may be made anonymously. As provided by law, the Iberdrola Group undertakes not to take (and to ensure that its professionals do not take) any form of retaliation.

Health and safety at work is integrated into the roles and responsibilities of line management staff. Collaboration occurs in a variety of ways and in different delivery scenarios, involving distinct roles and functions. In all cases, the organisation requesting the service and the organisation owning the site where the service is provided will be responsible for coordinating this collaboration, as required by law. The role therefore varies according to the function and scenario: site manager, construction manager, contract manager, etc.

The processes described above, which are part of the pre-assessment of health and safety needs, generally derive from legal obligations and are subject to internal and external audits on an annual basis to assess their implementation and effectiveness in the value chain. Group companies maintain regular contact with their main contractors to monitor the contract in general and on health and safety issues in particular.

Iberdrola, through the Purchasing Division, has measures in place to the effective implementation of supplier sustainability programmes.

The aim of these processes is to ensure that the Sustainability Programme with suppliers is effective and that it meets the needs and expectations of both internal Stakeholders and the company.

All suppliers involved in tenders of more than EUR 700 thousand are assessed according to the Iberdrola Group's sustainability assessment model, in addition to other risks such as credit risk, compliance risk, health and safety risk and cybersecurity risk. This continuous assessment is an important element of the human rights due diligence processes described in the disclosure requirement IRO-1.

Should the assessment of a supplier reveal a higher than normal level of any of these risks, or an opportunity for improvement to avoid potential conflicts with the sustainability requirements and the Suppliers' Code of Ethics, the appropriate remediation action plan will be negotiated with the supplier in order to continue the procurement process.

In this way, the supply chain improves its level of compliance with the supplier Sustainability Programme.

Efficient supplier management has become a vital element in the continuous improvement of the value chain, in addition to generating the information necessary for decision-making by the Purchasing Division.

The global supplier management model is the basis for promoting a comprehensive and harmonised corporate approach to the responsible management of suppliers, regardless of their geographical location, economic activity and the territorial scope of purchases, while taking into account any local requirements that may exist in the supplier's country of origin.

The Company has adopted different methodologies to carry out supplier screening and classification processes, some of which are carried out internally by different companies of the Group based on their own criteria, and other classification processes are supported externally through specialised platforms and services.

Ultimately, the supplier classification and screening processes are, among other factors, the first step in identifying the suppliers that will undergo the appropriate evaluations.

After the initial screening at the time of registration, all third parties, including suppliers, are monitored daily. The external service oversees this process and, in the event of any new developments concerning a supplier, automatically sends an alert to the compliance function concerned, which immediately analyses it in order to update the risk assessment of the supplier involved.

The supplier sustainability assessment model currently includes mechanisms to identify the elements that suppliers have in place for managing their own supply chains and with third parties in general.

Based on the identification of suppliers resulting from the classification and screening processes, potentially critical suppliers are flagged, either because of their degree of relevance or priority based on their relationship with the Group's activities, or because a higher than normal level of risk has been detected.

The Company requires to work with sustainable, transparent, fair and ethical suppliers. Therefore, once these potentially critical suppliers have been identified through the classification and screening processes based on the different risk criteria established in the [Purchasing Policy](#), they are evaluated during the procurement process to determine their potential risk. This ensures that their operations are in line with the Company's policies, principles and responsibilities.

This assessment is carried out at an early stage in the process and, once the results are available, allows the purchasing manager to identify the risk mitigation measures considered necessary.

Iberdrola's Purchasing Division has developed its own model to evaluate the positioning and performance of each of its main suppliers in terms of the three fundamental sustainability pillars: environmental, social and governance (ethics and compliance), in line with the principles of our [Code of Ethics](#).

The evaluation of a supplier incorporates aspects with highly significant attributes: identification of objectives linked to sustainable development issues, management of climate change risk, circular economy strategy, human rights due diligence, etc.

The Company encourages its suppliers to become more sustainable. To this end, individual improvement plans are put in place for suppliers who are not performing at the appropriate level of sustainability for a long-term relationship. In cases where such improvement plans are not adhered to, the Company reserves the right to terminate the contract with the supplier.

The companies of the Group, as far as possible and always respecting the protection of personal data, identify and pay special attention to certain groups of workers who are particularly sensitive to occupational risks because of their personal characteristics or known biological condition, including those with recognised physical, mental or sensory disabilities, pregnancy, breastfeeding, maternity, etc., and establishes that they must be given special and differentiated consideration in preventive measures. Obligations are imposed to ensure that these groups are medically fit to perform the duties of the post. For more information, see [section IRO-1 of chapter ESRS-2](#).



Supply chain

Channels	Type of communication	Frequency of use	Significant issues
Supplier registration, assessment and classification platform	Participatory	Ongoing	Supply chain sustainability
Satisfaction survey	Consultation	Regular	Purchasing terms, contracts and payments
Ibuy tender management platform	Participatory	Ongoing	Strategy and investments
Supplier service centre	Participatory	Ongoing	Supplier attributes
Supplier website	Informative	Ongoing	Economic and financial performance
Queries mailbox and whistleblower channel	Participatory	Ongoing	Innovation support
Skill-building campaigns, improvement plans and remediation plans	Participatory	Ongoing	Improvement of tools
Global & Local Supplier of the Year Awards	One-off	Regular	
Social and sustainability audits	One-off	Ongoing	

As stated in *section SBM-2 of chapter ESRS 2*, the Company deploys resources, tools and projects that seek to maximise the social and economic opportunities of climate action, while managing the potential impacts on its own employees, workers in the value chain, communities and customers. Engaging stakeholders and maintaining an active dialogue with each stakeholder is key to ensuring respect for human rights in the context of a just transition. *See section SBM-2 of chapter ESRS 2 for further information.*

■ **Disclosure Requirement [S2-3]: Processes to remediate negative impacts and channels for value chain workers to raise concerns**

The Company requires its suppliers to comply with certain requirements in the area of Human Rights, in accordance with the Company's regulatory framework and, in particular, the *Governance and Sustainability System* of the Iberdrola Group. These obligations include the suppliers' duty to respect the fundamental labour rights of their employees, to prevent their harassment, to ensure appropriate recruitment, working, health and safety conditions, and to extend the same criteria to their own suppliers, subcontractors and the rest of the supply chain. In addition, through its *Code of Ethics*, the Company requires its suppliers to cooperate in identifying potential Human Rights impacts and, in cases where these are particularly serious, to develop plans to prevent and remedy them. Finally, it also requires suppliers to establish the necessary mechanisms for its professionals and third parties to make anonymous complaints or claims in the event of possible human rights violations, and to inform them of the channels for communication with the companies of the Group, through which they can report any practices contrary to the principles of the *Code of Ethics*.

Specific human rights clauses have been established in the general terms and conditions that form part of orders and contracts. These clauses are based on the United Nations Universal Declaration of Human Rights, the International Labour Organisation Conventions and the United Nations principles.

A screening process is used to classify 100% of suppliers of equipment and materials, works and services, taking into account, among other things, their significant risks and management practices in various areas related to human rights. Based on the established criteria, those suppliers considered to have a higher level of risk are assessed on sustainability issues, with a particular focus on:

- Human Rights Due Diligence: Availability of due diligence policies and systems in line with the Guiding Principles on Business and Human Rights, ensuring freedom from forced labour, child labour and modern slavery in their supply chains, existence of procedures for receiving complaints and grievances relating to human rights or discrimination, extending requirements and conducting social audits to their own supply chain.

- Labour Practices: Respect for fundamental rights including freedom of association and collective bargaining, decent pay and working conditions in accordance with collective agreements and legislation, promoting equal opportunity and work-life balance.
- Occupational Safety: Presence of management systems, certifications, risk assessments, worker training, accident monitoring and reporting, emergency plans and drills, etc.

These risks are mitigated and managed through the quality management processes in place and the regular audits carried out by each business unit.

Following the assessment of suppliers classified as potentially critical, those whose risk level is critical and which could cause an impact are identified. For this group of suppliers, corrective measures are taken in accordance with the Guide for conduct and sanctions for suppliers in the event of practices contrary to the *Code of Ethics*. In general and following the analysis of each case and the identification of the fundamental root cause, the measures to be taken by the supplier have been determined, establishing objectives and compliance deadlines. These corrective measures have the dual function of establishing measures aimed at mitigating and/or remedying detected breaches of the *Code of Ethics* and attempting to prevent their recurrence in the future.

Finally, sanctions are imposed and, in some cases where sanctions do not have the desired effect, the contractual relationship is terminated with some of them.

Group companies have human rights due diligence processes in place to prevent and mitigate negative impacts, including those on workers in their value chain. However, where mitigation is not possible due to the particularities of the context, or where the measures taken do not reduce the scope of the impacts, or where residual impacts persist, measures are taken to ensure that affected persons have access to an effective remedy, in line with the UN Guiding Principles. These measures aim to ensure that redress is made available through legitimate processes and with an active cooperative approach.

Reparations aim to restore, as far as possible, the rights that have been violated and to return affected persons, including workers in the value chain, to the situation prior to the impact. In cases where this is not fully feasible, the aim is to restore these rights to the maximum extent possible through various types of reparation. Access to effective remedies will be ensured, and recourse to state judicial or non-judicial mechanisms will not be restricted, while cooperating in good faith with such processes.

Remediation processes are based on active listening and take into account the expectations of affected persons, including workers in their value chain. The Company recognises that remedial measures may take different forms, in accordance with international legal and human rights frameworks, such as apologies, the adoption of measures to prevent a recurrence of the impact, financial or other compensation, the cessation of activities or business relationships, or any other form agreed by the parties.

Each case is assessed on an individual basis, as set out in the Company's guidelines for handling cases, to ensure effective remediation. This process includes investigating the circumstances, identifying responsibilities and taking the necessary steps to comply with international human rights standards, while always prioritising dialogue and collaboration with affected parties.

In 2024, the Purchasing Division has included among its priorities an ambitious multi-year objective to strengthen the Human Rights Due Diligence System in the Supply Chain.

Value chain employees have access to various channels established by the companies of the Group to raise queries, complaints or needs. Information on these communication channels is available in the disclosure requirement *section SBM-2 of chapter ESRS 2*, as well as in *section S2-1*, which allows identified cases to be managed in a transparent and effective manner.

Through Article D.2. Suppliers' Compliance Commitments of its *Code of Ethics*, Iberdrola requires its suppliers and contractors to inform their employees of the availability of the communication processes and channels established from the beginning of the contractual relationship. The Company also requires these channels to be available in workplaces throughout its value chain as part of its support and monitoring mechanisms. Suppliers must be able to demonstrate compliance with these obligations on request, thus ensuring transparent and accountable communication throughout the supply chain.

The Company has a specific procedure in place for classifying, monitoring and reporting complaints, grievances and claims related to human rights. This process allows for the appropriate classification of complaints received through the different channels and ensures that each case receives the corresponding resolution.

The Company conducts regular satisfaction surveys with the direct suppliers of all country *subholding* companies, including questions about their level of awareness of the established whistleblowing channel. For further information, see the disclosure requirement in *section G1-1*.

- **Disclosure Requirement [S2-4]: Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action**

The Company implements and has in place various measures to prevent or mitigate potential negative impacts on workers in its supply chain. These measures include implementing supplier audit programmes to ensure compliance with labour standards, training workers on labour rights and occupational health, and continuously reviewing working conditions in the supply chain.

In 2021, a potential risk was identified in the photovoltaic technology value chain related to allegations of forced labour in the Xinjiang region of China, linked to polysilicon producers who supply this material to solar module manufacturers. Since then, the Company has stepped up its efforts to promote strict compliance with the *Code of Ethics* of the Iberdrola Group among suppliers potentially exposed to this risk. As part of these measures, it was agreed with direct suppliers to include specific clauses to mitigate the risk of forced labour or modern slavery in the supply contracts with these suppliers. It has also included clauses in its PV panel supply contracts entitling it to carry out social and sustainability audits and to improve the traceability of module components, with the aim of ensuring the quality and traceability of components. To improve the traceability of the global value chain, the Company participates in industry initiatives and works with other industry bodies and relevant parties to address common challenges and improve working conditions throughout the supply chain. Examples of these initiatives include the Solar Stewardship Initiative of Solar Power Europe and Solar UK, and the supply chain sustainability and traceability working groups of other industry associations.

The Purchasing Division has included among its priorities an ambitious multi-year objective to reinforce the Human Rights Due Diligence System in the Supply Chain. To this end, it has defined an action plan that establishes certain actions, including updating the Code of Ethics and the General Terms and Conditions, ensuring a focus on the application of Human Rights clauses to critical suppliers for the company and/or those with a higher level of risk in terms of human rights, further developing the systems to assess the specific human rights risk level associated with the different suppliers, strengthening the system of social audits and traceability implemented by the Group, and updating the internal action procedure in the event of identification of non-conformities.

The Group undertakes various actions to generate positive impacts for workers in the value chain. These actions aim to promote well-being at work and socio-economic progress.

Noteworthy positive impacts include the improvement of the economy and employment (direct and indirect) in the areas of operation, the revitalisation and repopulation of rural areas, the fiscal contribution through the payment of duties, levies and taxes, or the training of professionals in green economy matters.

More information on innovation and start-up support programmes, SME support programmes and supplier equal opportunity programmes can be found in the [Purchasing and Supplier Management Activity Report](#).

Group companies have processes in place to determine what action is required to respond to actual or potential negative impacts on value chain workers. These processes rely primarily on the early identification of risks through a sustainability performance analysis carried out prior to contracting, through supplier audits or through consultations with key stakeholders. Depending on the level of impact risk identified, appropriate action is taken.

The type of action taken depends on the nature of the impact, its severity, the stage of the value chain affected and the ability to exert influence. The types of actions include measures related to purchasing practices (policies, clauses...), but also, as described above, concerted and collaborative approaches with value chain actors as a lobbying measure to improve the traceability of value chains at a global level.

The resources allocated to the management of actions aimed at employees in the value chain are part of the Group's investments and operating costs, meaning that the accounting systems do not currently have the capacity to identify and discriminate such amounts. The resources allocated include the management systems for impacts related to this area, and any other measures implemented at the facilities to prevent, mitigate or remedy potential impacts.

To ensure that remediation processes are available and effective, the Company has put in place mechanisms such as confidential whistleblowing channels, monitoring of the resolution of impacts and the performance of periodic audits to verify the correct application of remediation measures and their results. In addition, Iberdrola carries out an annual review of the effectiveness of its due diligence, focusing on the negative impacts identified and the management mechanisms applied.

The Company believes that the processes already described in this chapter are in place and are working effectively to prevent its own practices from causing or contributing to negative impacts on workers in the value chain.

With the exception of allegations of forced labour in the Xinjiang region of China, the Company did not identify any cases of Human Rights abuses in 2024, in particular with regard to freedom of association, collective bargaining, the use of child labour or forced or compulsory labour.


3. Metrics and targets

- **Disclosure Requirement [S2-5]: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**


The Company has the following sustainability targets directly related to the supply chain and indirectly related to workers in the supply chain.

Target 1 and 2: Purchases from sustainable suppliers and percentage of sustainable suppliers

Working to ensure a sustainable value chain

	2024	2025	2026	2030
 Purchases from sustainable suppliers % of total purchases	93%	>= 85%	>= 85%	>= 85%

Working to ensure a sustainable value chain

	2024	2025	2026	2030
 Percentage of sustainable suppliers % of main suppliers subject to sustainable development policies and standards	88%	> 85%	> 85%	> 85%

The Company sets both of these targets voluntarily. The target for *Purchases from sustainable suppliers* aims to achieve more than 85% of total annual purchases from sustainable suppliers by 2030, and the *Percentage of sustainable suppliers* target aims to exceed 85% of total annual purchases from sustainable suppliers by 2030.

Sustainability in Iberdrola's value chain is established as a principle in the [Purchasing Policy](#). This policy establishes the principles of conduct and guidelines for the procurement of materials and equipment, as well as for the contracting of works and services, with particular emphasis on compliance with ethical principles of the Company and of the suppliers of the companies that make up the Group. Particularly noteworthy are the principles relating to the *promotion of a robust risk culture and the development of an ethical business culture and honesty throughout the organisation, which underpin the professional and ethically responsible behaviour of the entire workforce, the rigorous application of the [Code of Ethics](#) and the promotion of strict compliance by suppliers with contractual conditions and applicable regulations, paying particular attention to respect for the environment and the principles set out in the [Policy on Respect for Human Rights](#).*

This target has been set using information on the volume of awards in previous years as a baseline and setting an ambitious but achievable target for the period to 2030, in line with the defined investment plans.

[ESRS S3] Affected communities

1. Strategy

■ Disclosure Requirement [SBM-3]: Material impacts, risks and opportunities and their interaction with strategy and business model

The Company has assessed the material impacts, risks and opportunities relating to affected communities using the double materiality assessment process described in *section IRO-1 of chapter ESRS 2*.

This assessment has led to the identification of material impacts related to the economic, social and cultural rights of groups in different areas.

Positive impacts:

- increased availability of treated water for communities near the power plants, thanks to their water treatment plants.
- community development related to the construction and operation of generation facilities.
- better and more efficient electricity supply as a result of the management of generation and distribution facilities.
- improving access to electromobility by building and maintaining infrastructure (electric chargers, grid extension and digitalisation, etc.).
- prevention of droughts and floods affecting local communities through dam infrastructures.
- recreational use of hydroelectric dams.

Negative impacts:

- aesthetic changes to the landscape caused by generating installations.
- local air quality affected by the operation of thermal power plants.
- widespread power outages, disrupting electricity and fuel supplies to homes, businesses, hospitals and essential services.

- decrease in water availability due to operation of facilities (evaporation in thermal power plants, withdrawal for cooling purposes, operation of hydroelectric plants).
- deterioration in living conditions and the local economy as a result of plant closures.
- deficiencies in the land acquisition process.
- burns and electrocutions associated with gas leaks and power cuts in the distribution and transmission network.
- reduced availability of land for other purposes as a result of the construction of power plants.

No material risks have been identified.

2. Impact, risk and opportunity management

■ Disclosure Requirement [S3-1]: Policies related to affected communities

The Company has introduced policies that cover the identification of potential and actual negative impacts on affected communities, mitigation and remediation measures, and the management of associated risks and opportunities. These policies also set out the principles that govern the conduct of the Company and Group's companies, as well as that of its directors, officers and employees. The most important of these are set out below:

Iberdrola establishes in its [Code of Ethics](#), through which the [Purpose and Values of the Iberdrola Group](#) are further developed and specified, an instrument designed to guide the business conduct of Iberdrola and that of its Stakeholders in order to comply with applicable domestic and international law and with its [Governance and Sustainability System](#). The Code of Ethics sets forth the general ethical and Stakeholder engagement principles that govern and inform the conduct and regulatory developments of the companies of the Group in order to promote the sustainable creation of value for their shareholders, also taking into consideration that of their other Stakeholders.

The [Code of Ethics](#) forms part of Book Two of the Governance and Sustainability System, together with the [General Sustainable Development Policy](#) and the [Stakeholder Engagement Policy](#), which serve as an integrating framework for the guidelines governing the conduct of the company in line with the Code of Ethics and the [Purpose and Values of the Iberdrola Group](#). (see [chapter ESRS 2 MDR-P](#))

The goal of the [General Sustainable Development Policy](#) is to ensure that all its corporate activities and businesses are carried out by fostering the sustainable creation of value for Stakeholders, including the affected communities, equitably contributing along with all the groups that play a role in the success of its business enterprise.

The [Stakeholder Engagement Policy](#) establishes the general framework for the Company's relations with its Stakeholders in all its activities and operations so as to promote their involvement in the business project, through a strategy of strong engagement with the communities in which it operates and the creation of shared sustainable value for all. The aim is to generate trust among Stakeholders, by building lasting, stable and robust relationships, and by working towards continuous improvement to meet their needs.

In relation to affected groups, there is also a [Policy on Respect for Human Rights](#), included in Book Four on Social Commitment of the [Governance and Sustainability System](#). This policy establishes the mandatory principles of conduct for all the Group's professionals, as well as the need for the group to have the necessary procedures and governance systems in place to guarantee respect for human rights with respect to its businesses, countries in which it operates and its supply chain.

Moreover, as regards sustainable value chain policies (Book Five on Corporate Governance of the *Governance and Sustainability System*), Iberdrola has established its *Corporate Security Policy*, in which it establishes the main principles of conduct that must govern the effective protection of people, physical and logical assets and critical infrastructures and information, in accordance with the aforementioned *Policy on Respect for Human Rights*.

Additionally, the environmental policies, including the *Environmental Policy*, the *Sustainable Management Policy*, the *Climate Action Policy* and the *Biodiversity Policy*, contribute to identifying and seizing opportunities arising from the energy and environmental transition. Environmental impacts can have a direct consequence on the human rights of communities.

The principles established by the policies adopted by the company in this area, specifically the *Policy on Respect for Human Rights* and the *Governance and Sustainability System*, are aligned with the main international frameworks and instruments, among which the following stand out:

- Principles on which the UN Global Compact is based.
- United Nation Guiding Principles on Business and Human Rights (UNGPs).
- OECD Guidelines for Multinational Enterprises.
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organization.
- International Labour Organization (ILO) Conventions (including Convention 169 on Indigenous and Tribal Peoples).
- Universal Declaration of human rights
- United Nations Declaration on the Rights of Indigenous Peoples.

The policies set out the following principles of conduct towards affected communities:

- Showing the strictest respect for human rights as recognised by national and international law. And in particular the following express intentions:
- Engagement and relationship with affected communities.
- Acting responsibly and building relationships based on ethics, integrity, sustainable development, respect for human rights and for affected communities.
- Ensuring transparency in financial and non-financial relationships and communications by sharing information that is true, fair, relevant, complete, clear, reliable and useful.
- Engage in active listening, facilitating effective two-way communication and direct, fluid, constructive, diverse, inclusive and intercultural dialogue.
- Fostering the participation and involvement of affected communities in the activities of the corresponding company of the Group, by promoting voluntary consultation processes or similar channels of interaction, in particular during the planning, construction, operation and decommissioning of projects.
- Working consensually with local communities and indigenous peoples, taking into account their views and expectations.
- Promoting collaboration with Stakeholders in order to contribute to the fulfilment of the *Purpose and Values of the Iberdrola Group*.
- Pursuing continuous improvement by regularly reviewing community relations mechanisms to ensure that they respond as effectively as possible to the needs at any given time.
- Respecting the rights of ethnic minorities and indigenous peoples where they operate, and encouraging open consultation and dialogue that integrates different cultural frameworks and takes into account their expectations and needs.
- Respecting the right to a clean, healthy and sustainable environment and, in particular, the consequences of environmental degradation for the effective enjoyment of internationally recognised children's rights.
- Recognising access to energy and natural resources, including water, as a right that is interrelated and interdependent with other human rights and necessary to maintain an adequate standard of living, working with public institutions to implement protection systems for vulnerable customers and plans to extend services to communities that do not have access to energy.

The Sustainable Division is responsible for overseeing the implementation of this policy within the Group. The Company's Board of Directors, through its Sustainable Development Committee, is regularly informed of the measures and procedures adopted to implement and monitor the provisions of this policy.

The companies of the Iberdrola Group maintain relations with the communities during all project phases and establish bilateral dialogue channels through which the communities can voice their expectations and needs.

The Group has robust due diligence processes in place to identify and prevent potential impacts that its operations and activities may have on human rights, and to mitigate and provide remediation when negative impacts occur. The Company takes remedial action as soon as possible, where appropriate, so that affected persons have access to effective remedies through legitimate and actively collaborative processes, and to ensure that affected communities have access to effective and transparent grievance mechanisms.

The Company also conducts regular assessments of the effectiveness of its due diligence processes.

The Company, in ensuring accountability and transparency, discloses information to identify and manage actual and potential adverse human rights impacts in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises Involving Affected Communities.

- **Disclosure Requirement [S3-2]: Processes for engaging with affected communities about impacts**

The participation of affected communities is key to the environmental, social and economic performance of projects during their life cycle. Meaningful engagement and consultation with affected groups, in particular communities, is a valuable source of information for early identification and appropriate management of impacts. The expectations of affected communities are therefore integrated into due diligence processes and the design of operations.

At the Iberdrola Group, the various communities affected are informed, from the start of development of a new project, of the benefits and any incidents that the new infrastructures and their operation entail.

This focus on community integration from the outset of the projects also aims to identify good practices and lessons learned in relation to the identification of adverse effects that are shared across the companies of the Group as a source of learning and continuous improvement.

The Company has developed its own Global Stakeholder Engagement Model, which aims to identify the legitimate expectations of its stakeholders and integrate them into the Company's strategy. (For more information, *see chapter [ESRS 2](#)*) Iberdrola Group companies maintain relations with the affected communities and their legitimate representatives during the various phases of a project, and two-way dialogue channels are established through which they may at any time express their doubts, complaints, requests for information, requests regarding impacts, or other concerns or suggestions. Consultation mechanisms may vary depending on the country and type of facility, and are supported, where applicable, by strict local regulations that establish the conditions for granting construction and operating permits. In the relevant jurisdictions, the rights of the vulnerable, including indigenous peoples, are particularly addressed.

The main consultation and complaint mechanisms available are the universally accessible ethics mailboxes on the websites of the country subholding companies and the complaint mechanisms at the project facilities in the local language so that they are easily accessible to the affected communities. Each complaint is recorded, reviewed and assessed to identify the type of redress process required. The channel continues to guarantee anonymity and confidentiality, and ensures that there is no retaliation against the person who has used the channel.

In accordance with the principles of the Stakeholder Engagement Model and pursuant to domestic and international regulations, the Group engages and communicates with the following affected stakeholder subgroups within the communities stakeholder group:

- People affected by the facilities, including neighbours, landowners, farmers, ranchers, fishermen, ship owners, industry and tourism, human rights and environmental defenders/activists, indigenous and other traditional peoples, vulnerable groups (the elderly, children and youth, persons with disabilities, refugees, migrants, women, the LGTBIQ+ group, people with neurodiversity and other groups) and representatives of any of the above.
- Social representatives; such as political parties, sector and economic-business entities, chambers of commerce, entities related to sport, art, culture and the environment, entities related to social action, education, research, think tanks, universities and companies, among others.
- Regulatory bodies and public authorities, both at a supranational and national level, such as regional and local governments and parliaments, and state, regional and local governments and parliaments; as well as the administration of justice, law enforcement agencies, and public and private emergency bodies, insurance companies and certification bodies.
- International, national, regional, state and local media as well as digital environments (digital platforms, blogs, wikis, RSS, etc.) and opinion leaders (influencers).

The most important stakeholder engagement channels, both face-to-face and online, and the main issues specific to Stakeholder Communities are summarised below.



Communities

Channels	Type of communication	Frequency of use	Significant issues
Communities_Social Representatives			
Media and social media	Informative	Ongoing	Support for vulnerable groups
Events and working groups	Participatory	Ongoing	Education-related initiatives Culture and sport-related initiatives
Partnership agreements	Participatory	Regular	Innovation projects
Network of institutional delegations in the Autonomous Communities	Participatory	Regular	Iberdrola's role in the development of local communities
Communities_People Affected by Facilities			
Ethics Mailboxes and other complaints and claims mechanisms at the project level	Consultation	Regular	Communication and engagement of local communities in operations Iberdrola's role in the development of local communities (employment, investments, taxes, local procurement)
Community surveys	Consultation	Regular	Support for vulnerable groups
Specific discussion panels with the community	Participatory	Ongoing	Support for vulnerable groups
Website enquiries mailbox	Consultation	Ongoing	Local community rights over land or housing and socio-cultural heritage
Communities_Regulatory Bodies			
Queries and procedures	Consultation	Ongoing	Strategy and investments
Websites and information pills	Informative	Ongoing	Present and future of the sector (energy transition) Public policies Regulation of the energy markets Regulation of the remuneration of regulated businesses
Communities - Media			
Corporate website	Informative	Ongoing	Strategy and investments
Press Releases / Communications	Informative and Participatory	Ongoing	Ethics, integrity and transparency Electricity invoicing and price
Events and meetings	Participatory	Regular	Iberdrola's role in the development of local communities
Social media	Participatory	Ongoing	Customer satisfaction and experience

The Company's Sustainability Division is responsible for supervising the implementation at Group companies of policies and processes relating to cooperation with affected communities. In order to ensure that the principles relating to respect for human rights are effectively applied at the Group companies, and that responsibilities are correctly assigned, managers are assigned to the various companies and businesses. For example, in the case of Iberdrola España, maximum responsibility is assigned to the directors of the various businesses. In addition, so as to make it easier to integrate the management of human rights issues into the Company's day-to-day activities, it has set up internal roles and responsibilities with budgetary allocations and appropriate supervisory processes that allow it to offer flexible and effective responses.

Policies and processes are rolled out by the teams responsible for liaising with local communities, which are located in the country subholding companies and head of business companies. Their responsibilities include:

Identification of potential and actual impacts.

- Execution of due diligence processes to identify and manage impacts on human rights.
- Implementation of impact mitigation and remedial measures, including compensation as a last resort.
- Maintaining relations with local and indigenous communities.
- Provision of appropriate community engagement and communication channels, and communications and reporting management.
- Monitoring, documenting and reporting on human rights due diligence processes.

In 2024, the Company developed and began implementing a Social Management and Community Relations Procedure to be applied to the projects and operations, which will apply to the Group companies in accordance with the established governance model. The procedure was drawn up to ensure that there are sufficient elements in the different procedures applied by the Group companies to identify, assess, manage and document the community's perspective on the adverse impacts and benefits of the operations in the different phases of a project (development, construction, operation and maintenance, decommissioning). Based on this assessment, the procedure allows Social Management and Community Relations Plans to be developed and implemented, where necessary, to prevent, mitigate or compensate the impacts identified in collaboration with the affected communities, following methodologies inspired by the IFC standards of the World Bank.

Some examples of specific Relations and Communication Plans are those carried out at projects such as the Windanker offshore wind farm in Germany, the Paranaíba transmission line project in Brazil, the Nebo wind and battery storage project in Australia, and the Cuyoaco solar project in Mexico. Stakeholders potentially impacted by or interested in the project's activities, including affected communities, were identified in all of these projects.

In addition, specific communication channels have been established for the projects and, in any case, the general complaint and whistleblowing channels described above are always available. For example, in the Chafariz, Oitis and Luzia renewable energy projects in Brazil, various documents were drawn up to identify and communicate with the communities, along with a Participatory Socio-Environmental Diagnosis and a Social Communication Plan through which actions and transparent and proactive dialogue with the communities were established. For the New England Wind offshore wind project in the United States, the Relations and Communication Plan with the fishing community has been managed and reviewed, among others, by representatives of the fishing associations affected by the project.

This communication with the affected communities serves to help identify and develop different mitigation measures by taking into account their expectations and needs. An example of this is the adaptation of the design of the following projects to integrate stakeholder expectations, carried out in 2024:

- For the Cieleśnica solar project in Poland, the scale and location of the project was changed based on a series of public consultations with affected communities during which they requested that the plant be built further away from their homes.
- For the Broadsound solar and battery project in Australia, consultations were carried out to reduce the risk of cultural heritage impacts and increase acceptance of the project by the Barada Kabalbara Yetimarala (BKY) Aboriginal people identified as the traditional owners of the land. These surveys were the basis for the implementation of a Memorandum of Understanding (MoU) in addition to the Cultural Heritage Management Agreement.
- For the Saint Briec offshore wind project in France, the location of the buoys was changed after consultations with fishermen to make it easier to locate fishing equipment.

Groups that could be considered to be more vulnerable are identified, such as older people, children and youth, persons with disabilities, refugees, migrants, women, the LGBTBIQ+ group, persons with neurodiversity, and indigenous and other traditional peoples. For these groups, their economic, social and legal situation may limit their ability to defend their rights and interests in matters such as land, natural and cultural resources, and, where applicable, restrict their ability to participate in development and enjoy its benefits. As a result of identifying these groups, their perspectives and interests can be included in the Company's strategy and business model.

For example, at the Four Mile Creek and Mullion Creek wind projects in Australia, older people and people without access to telecommunications were identified as vulnerable groups when identifying the Stakeholders impacted by the projects. In order to engage with these vulnerable groups, the project implemented a series of mitigation measures including physical and face-to-face communications to engage with them and understand their perspectives and needs.

In projects carried out in Mexico, Social Impact Assessments (SIAs), in many cases mandatory by law, identify vulnerable groups, and specific consultations (e.g. with women or indigenous communities) are established to prevent projects from increasing the vulnerability of these groups.

In Brazil, Quilombola communities were identified as being potentially impacted by the Luzia 2 and Luzia 3 solar projects. To ensure their participation in the process, the Quilombola Component Study was developed to identify the impacts on such Quilombola communities through dialogue and social participation, and the Quilombola Basic Environmental Programme was developed to mitigate the impacts, provide a reliable and legitimate information channel, and raise awareness among the population and workers on environmental and social issues.

At the Brond Brook transmission project in the United States, homeless people potentially affected by the project were identified and a communication protocol was established to provide notification of construction activities, including health and safety instructions. This protocol was developed in conjunction with the police department and local homeless shelters.

The Company recognises the importance of indigenous communities and their intrinsic relationship with their lands and traditions, and establishes a stakeholder engagement approach in its policies, which considers and ensures respect for the particular rights of indigenous peoples. This approach is aligned with the principles of free, prior and informed consent (FPIC) and the UN Declaration on the Rights of Indigenous Peoples. In terms of consultation on the manner and parameters of engagement, the Iberdrola Group involves indigenous communities from the initial stages of project design. This includes establishing the perspective, nature and timing of engagement. The Company strives to ensure that indigenous communities are not only consulted, but also play an active role in decision-making on how engagement is carried out, establishing strong and lasting relationships.

The Group has a presence in four countries where there are indigenous communities (Brazil, Mexico, the United States and Australia). As regards the operations carried out:

- Avangrid in the US handles the various jurisdictions and requirements regarding engagement with indigenous peoples on grid projects. In cases where indigenous peoples are potentially affected by a project, the licensing team supports the project outreach team or leads engagement with affected communities. In the case of renewable energy projects, the free, prior and informed consent (FPIC) of indigenous peoples is mandatory under Section 106 of the National Historic Preservation Act. This includes a firm intention that leads to the signing of a Memorandum of Understanding by the affected tribes to mitigate potential impacts on cultural heritage. Offshore projects are subject to the Equator Principles, including loan requirements to protect human rights and indigenous peoples. For example, at the New England Wind 1 and 2 offshore wind project, Avangrid implemented a communication plan with potentially affected indigenous communities. This process involved the participation of State Historic Preservation Offices (SHPOs), Tribal Historic Preservation Officers (THPOs), the Advisory Council on Historic Preservation (ACHP), and local communities to gather information on the potential impacts on cultural heritage. This process included specific presentations, surveys and outcome mapping, in which

representatives of indigenous communities had the opportunity to participate as monitors of the process. A communication protocol was established through which indigenous communities were given prior notice of construction activities and permits for monitoring were approved, among others.

- Neoenergia has a presence in regions inhabited by indigenous peoples and traditional communities in Brazil. In these regions, the company carries out its business activities while respecting the different cultural identities, traditions and environmental wealth that ensure the well-being of these populations and their physical and cultural reproduction. Socio-environmental diagnoses of indigenous populations are carried out in several municipalities, one of which is in Pernambuco, through dialogue with indigenous leaders.
- As a result of the diagnosis, solutions are implemented for connecting new customers, grid maintenance and reinforcement, pruning, social tariff registration and energy efficiency actions, among others. In negotiation and agreement with the community for the Manoel da Nóbrega distribution line project in Mongaguá, Neoenergia acquired 278 hectares of land and donated it to the community, and allocated around BRL 344 million to make urban improvements to the village, as part of the implementation of the Indigenous Component-Basic Environmental Plan (CI-PBA, for its initials in Spanish) agreed with the indigenous community of Tekoá Mirim and the Brazilian government agency FUNAI (National Indian Foundation). This process began in 2022 and continued in 2024 with the implementation of programmes with the community to supplement the environmental and social plans contained in the CI-PBA.
- In the case of Iberdrola Mexico's projects where indigenous communities are present, the company establishes intercultural dialogue and the corresponding consultations of free, prior, and informed consent (FPIC) in accordance with Mexican law and the international standards set out in corporate regulations. Thus, in Mexico, the right of indigenous peoples to FPIC is recognised in a set of regulations, such as the Constitution and other secondary laws and various judicial decisions, as well as the international commitments to which the country adheres, such as ILO Convention 169. For example, Zapotec-speaking indigenous communities are consulted as regards Oaxaca's wind farms located in Zapotec indigenous areas.
- Iberdrola Australia has developed meaningful relationships with First Nations communities based on open and transparent communication, free, prior and informed consent (FPIC), and a focus on creating lasting and meaningful social and economic opportunities. The Company encourages and aims for its staff and contractors to acquire community-specific cultural knowledge so as to contribute to informed and respectful relations. This involves developing an appreciation of Australia's indigenous history, an understanding of cultural heritage and respect for the identity of First Nations communities in Australia.

The participation of First Nations communities is defined by a focus on the following areas:

- Recognition and respect for First Nations land rights and interests;
- Respect for First Nations organisational structures and representative bodies; educational opportunities for First Nations Australians;
- Economic opportunities for First Nations Australians;
- Developing relationships based on honesty, respect and trust; and
- Improving the cultural literacy of the workforce on First Nations Australians, shared history and indigenous cultural systems, practices and values.

For example, for the Four Mile Creek and Mullion Creek wind projects, targeted consultations with the First Nation community (the Orange Local Aboriginal Land Council) were conducted with the support and guidance of an expert advisor from a First Nation community. These consultations take into account cultural sensitivities and allow sufficient time to build relationships based on trust and informed consent.

■ **Disclosure Requirement [S3-3]: Processes to remediate negative impacts and channels for affected communities to raise concerns**

The *Policy on Respect for Human Rights* establishes the availability of complaints and grievance mechanisms, with sufficient safeguards and adequate resolution procedures to address potential cases of human rights impacts and, where appropriate, to remedy them.

The human rights due diligence processes implemented at the companies of the Group aim to identify, prevent and mitigate negative impacts, including those concerning affected communities. However, when this is not possible because it is not feasible to tailor mitigation to the particular context, the actions taken fail to reduce the scope of the impact, or there is a residual impact (i.e. one that persists despite mitigation measures), the companies of the Group implement remedial actions or measures to ensure that victims and affected persons have access to an effective remedy through legitimate and actively cooperative processes.

Remedial measures are intended to restore one or more of the affected rights, returning rightholders to their position prior to the impact or, if this is not possible, re-establishing their rights as much as possible through various types of remedy.

Mitigating or resolving adverse impacts on human rights and the environment means taking specific and effective measures to stop actions that may harm the human rights of affected communities. In general, these measures may include detecting irregular practices and conducting internal investigations to confirm and remedy the situation that has arisen.

However, after applying the principles of the mitigation hierarchy, when mitigation is not fully possible given the particular context, the actions taken failing to reduce the scope of the impact, or persistent residual impacts, the Company implements measures to ensure that the affected persons have access to an effective remedy, in accordance with the United Nations Guiding Principles (UNGPs). These measures seek to ensure that a remedy is provided through legitimate processes and that an actively cooperative approach is taken with the affected community.

The Company also ensures that victims have access to effective redress mechanisms and does not limit recourse to judicial or non-judicial state mechanisms, cooperating in good faith with these processes.

The Company actively listens to and takes into account the expectations of affected persons in remediation processes. It is recognised that remedial measures may take different forms, in accordance with international legal and human rights frameworks, such as apologies, the adoption of measures to prevent a recurrence of the impact, financial or other compensation, the cessation of activities or business relationships, or any other form agreed by the parties.

The Group is committed to providing remedies when it causes or contributes to negative impacts, both in its own operations and through its value chain or other business relationships. Each case is assessed on an individual basis, as set out in the Group's guidelines for handling cases, to ensure effective remediation. This process includes investigating the circumstances, identifying responsibilities and taking the necessary steps to comply with international human rights standards, while always prioritising dialogue and collaboration with affected parties so as to enable effective redress.

As an integral part of due diligence processes, the companies of the Group make various channels available to society in general, and to affected communities in particular, for expressing their complaints or needs.

Grievance systems have been established at both operational and company level to ensure that the appropriate channels are in place to receive complaints, identify impacts and take appropriate action so as to provide early and direct redress. These channels allow those affected, in particular local communities, to communicate their concerns, complaints or grievances. There are several types of grievance and complaint channels for issues raised by the communities:

- Online ethics mailboxes and a community outreach and communications channel
- Channels for complaints and grievances about facilities: in-person, by telephone, by post or via the facility's website
- Corporate mailboxes
- Judicial and/or administrative complaints. They are sent to the Legal Services of the company against which the complaint is filed, without prejudice to the possibility of sending complaints or reports to the Independent Whistleblower Protection Authority or to any other competent institution, body, office or agency.
- Other channels of communication and participation, such as community surveys, specific panels, open days and other project-level mechanisms to ensure that information is disclosed and disseminated, and that all stakeholders can interact and communicate their expectations and concerns.
- Meaningful consultation is also key to begin building the project's community relations in a transparent manner and with open dialogue.

More information on communication channels is available in [section SBM-2 of chapter ESRS 2](#) and in [section S3-2](#).

Complaints are analysed and all potentially significant resulting information is used to review the relevant policies and develop internal procedures aimed at preventing and mitigating such impacts.

The confidentiality offered by the established communication channels protects users from any kind of intimidation or retaliation by the Company or third parties, ensuring that the affected persons have access to these mechanisms.

The Company has a specific procedure for registering, classifying and reporting complaints, grievances and claims related to human rights. This process allows the complaints received through the various channels to be properly classified and ensures that each case receives the corresponding resolution in due time and form.

In addition to the companies of the Group having their own grievance channels, some projects make third-party grievance mechanisms available. For example, the Windanker wind project in Germany makes state grievance mechanisms available to the community through the Federal Maritime and Hydrographic Agency and grievance mechanisms are available for the projects located in Portugal through the Portuguese Environmental Agency (APA). These mechanisms can be accessed by all members of communities potentially affected by the projects.

The Company also aims to ensure that its communication channels are effective so that affected communities are able to voice concerns in an accessible, transparent and fair manner. These channels comply with the UN Guiding Principles, promoting trust and accountability. They have clear procedures, indicative time frames, and provide access to information and expert advice.

The channels are publicised through various tools such as project information brochures, the website, social media, public consultations, surveys, posters on the premises, etc.

As part of the continuous improvement process, these communication channels are reviewed and strengthened, along with the relationship with the communities around the facilities, as essential pillars for identifying actual and potential risks and for measuring the effectiveness of the due diligence on the impacts on the human rights of the communities. The channels are monitored in different ways, including reviewing and, where necessary, adjusting grievance mechanisms.

The analysis of complaints and grievances received is the basis of the process of monitoring the due diligence measures in place. For more information on communication channels, see [section S3-2](#), and for more information on the grievance system, see [section S3-4](#).

For example, at the Mullion Creek and Four Mile Creek wind projects in Australia, face-to-face grievance mechanisms were put in place due to a request from a community member, thereby expanding the communication options.

At the Vineyard Wind offshore wind project in the United States, Avangrid implemented the corresponding grievance mechanism before starting construction activities. This mechanism used an external tool to receive complaints online and/or through a telephone hotline. In July 2024, following an incident that led to high use of the mechanism, briefings were held with representatives of the affected community. Based on the information gathered, the project implemented a new grievance system to enable communities to communicate directly with project staff, thereby reducing the time required to submit grievances, providing a real-time understanding of conditions on the ground and facilitating their integration into project decision-making.

In addition, the Company has clear guidelines for safeguarding individuals using these communication mechanisms; this information is detailed further in [section G1-1](#).

- **Disclosure Requirement [S3-4]: Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions**

The companies of the Group establish procedures to identify, prevent and mitigate any negative impacts that their operations may have on affected communities. As explained in [section S3-3](#) above, the processes and actions described in this chapter focus on managing impacts related to planning, land acquisition and exploitation, socio-cultural rights, the use of natural resources and the management of environmental impacts. Participation and consultation with affected communities is a key tool in the early management of such potential adverse effects on communities at all stages of the project life cycle.

The companies of the Group initially carry out impact assessments, which are preceded and accompanied by consultations with the communities and, when necessary, by prevention and mitigation plans, which are usually conditions for the granting of the corresponding construction and operating permits. These assessments are part of normal operations and, as described above, help to identify potential adverse effects and guide mitigation and remediation, where necessary. Almost all of the Group's main locations of operation are subject to these types of activities, focused on meeting the needs of its Stakeholders, especially local communities.

Potential impacts on communities are identified early through Environmental and/or Social Impact Assessments (EIA/SIA). These studies thoroughly review and analyse a range of specific impacts of the activity and project on the communities, and set out measures to manage them.

For example, in the case of ScottishPower, socio-economic assessments are carried out as part of the Environmental Impact Assessment prepared for each project. At Iberdrola España, the potential impacts that electricity production facilities may have on the socio-economic environment are analysed as part of the Environmental Impact Assessment and the Basic Project (depending on the type of facility in question), documents that must be prepared to process the authorisation of these facilities, and which give rise to the Environmental Impact Statement (EIS). In the case of Networks, the social impact assessment is a substantial part of the Environmental Impact Assessment. In other countries, as in the case of Iberdrola Italy, the social impact assessment is required by law.

The main community impact management plans include environmental impact management plans with social impact, community engagement and communication plans, socio-cultural heritage management plans, archaeological management, livelihood restoration, land and easement acquisition, social and environmental investment plans and indigenous peoples' plans, as well as labour and health and safety plans, among others.

These management plans deploy numerous types of actions, including, for example, implementing preventive measures to reinforce security in electricity grids, mitigating adverse socio-economic or environmental effects with a social impact, and ensuring that population displacements are implemented respectfully in the rare situations where they arise.

During the planning phase for new projects, there is an assessment of the land that may be occupied, choosing land that involves less displacement of people who either reside in the vicinity or whose economic activities are affected. If this ultimately occurs, the companies of the Group and the relevant governmental authorities analyse the economic, environmental, and social consequences of these projects, and jointly hold consultations with the local communities to define suitable corrective measures. In addition, in the case of indigenous communities, channels of dialogue are established with the participation of the State and the various organisations that represent them, in order to provide information on the projects with proper transparency and integrity.

In 2024, the following physical and/or economic displacements were identified in certain renewable energy projects, which are described below.

In operating the Saint Brieuc offshore wind project in France, 64 fishermen were identified as being entitled to financial compensation as a result of the impact on their activity. Ailes Marines undertook to compensate any harm caused to the fishing communities during the community relations process. In addition, various measures have been put in place since May 2021 to mitigate the impact of the project on fishing activity and to provide support to affected fisherman, with the advice of independent experts.

In the UK, the East Anglia offshore wind complex provided compensation to 68 fishermen and 15 landowners. The East Anglia Two project compensated 59 fishermen (72 boats) due to the impact of geophysical survey activities, while the East Anglia Three project compensated 9 fishermen (11 boats) and 15 landowners in the explosive detection campaign prior to construction.

In the planning and development phase of the Company's projects, potential impacts on economic activities are identified, and measures are taken to mitigate the adverse effects of potential economic displacements. Some of ScottishPower's onshore wind projects (Whitelee, Carrick, Eucharhead and Earraghail) are an example of this practice, having already identified 7 potential physical and/or economic displacements.

An example of appropriate displacement management can be found in Neoenergia's grid projects. To avoid negative socio-environmental impacts, the initial aim of the Neoenergia teams responsible for choosing the layout for the transmission and distribution lines is to avoid both economic and physical population displacements, and to reduce the need to remove native vegetation. When it is not possible to completely avoid the impact on the communities near the projects, the relevant actions are aimed at reducing or mitigating such adverse effects. An example of this practice is evident in the 138 kV Manoel da Nóbrega Distribution Line in Mongaguá, in the state of São Paulo, where certain prevention, mitigation and remedial measures identified in accordance with the environmental and social impact assessment and indigenous community consultation were carried out, including purchasing and donating a piece of land and making urban improvements to the village.

For Neoenergia's wind projects, a Participatory Social Diagnosis (DSAP) is carried out, where, together with the affected community, the social and environmental impacts of the projects are identified and worked on. Understanding the social interest in the change of land use, a fair negotiation is undertaken to generate economic benefits for rural landowners who lease part of their land to participate in the production of the farm. Frequent meetings are held to establish the lease values and the variations that may occur in these monthly values (due to the variation in production owing to wind volatility). The purpose of the meetings is to provide greater transparency in the information on the remuneration obtained through the lease agreement.

When actual adverse impacts are detected, mitigation plans and, if necessary, remedial measures are implemented. These measures aim to restore one or more of the impacted rights by returning the rightholders to their position prior to the impact and, if this is not possible, re-establishing their rights as much as possible through various types of remedy. Remedial actions are carried out through legitimate processes and with the active cooperation of communities.

There are various types of remediation, such as restitution of the impacted right, rehabilitation, satisfaction by acknowledging the harm and apologising to the victim, guaranteeing that it will not be repeated by implementing the necessary policies and procedures to prevent future harm and/or taking disciplinary action and, ultimately, financial compensation that is fair and proportionate to the severity of the harm suffered.

The Company integrates the principles of just transition insofar as it deploys its climate targets while encouraging society as a whole (including communities) to be at the centre of a net-zero emissions future. To promote a just, orderly and inclusive transition, Iberdrola supports economic and industrial development, as well as universal access to affordable and competitive energy. For more information, see [section SBM-2 of chapter ESRS 2](#).

The energy transition provides opportunities for the development of the communities in which the Group operates, and the Company seeks to maximise the long-term positive impact by engaging communities in its social dividend. Social investment and community development projects are therefore implemented, following a due diligence process to identify needs and resources in collaboration with the affected communities.

The Company promotes employability in the green sector through initiatives such as the green jobs platform *Reskilling for Employment (R4E)*, and supports the local economy with specific training for the unemployed.

In extraordinary and emergency situations for communities, as in the case of the damage caused by the DANA weather phenomenon in Valencia (Spain), the company made the necessary resources available to restore electricity in record time after the floods and to provide support to the affected community. An agreement was reached with regional authorities to send brigades of electrical professionals to affected buildings and homes, who were responsible for checking and repairing connecting electrical installations and checking electrical panels, as well as managing any needs that might arise for the various local authorities in terms of restoring the public lighting service. Iberdrola has also presented the il-lumina project, in which it will invest EUR 100 million to redesign the electricity distribution network affected by the DANA.

Another example is the support provided in the search for new economic opportunities due to the loss of employment that could result from the closure of coal-fired power plants, as in the case of Lada and Velilla in Spain. The Company, together with the Technological Innovation Centre for human development of the Polytechnic University of Madrid (itdUPM) and the Agirre Lehendakaria Center (ALC), has therefore promoted the creation of the Lada and Velilla Innovation Platform, which promotes collaboration between citizens, public entities and companies to promote a just transition in territories that must deal with the coal-fired power plant decommissioning process. Green transformation plans have been launched in these regions, including investment in renewables, the creation of citizen platforms and circular economy projects, as well as the revitalisation of the business fabric, entrepreneurship and local employment based on green principles and innovation. These transformation plans were developed through a process of collaboration and co-creation through various agreements signed between local agents to implement initiatives in the region.

In Spain, the Company has carried out and continues to carry out various actions under the framework of the Biodiversity Plan and the Convive Plan, which integrates all initiatives and partnerships for the coexistence of renewable energies and their contribution to socio-economic development and the preservation of biodiversity. One example in 2024 is the collaboration with the Town Council of Paredes de Nava (Palencia), where the implementation of two new wind farms strengthened the initiative of the Repopulation Office, which has attracted 120 new inhabitants in two years.

At certain companies of the Group, such as ScottishPower and Iberdrola Australia, community benefit funds are set up and supported during the operation of onshore wind projects, allowing communities to control how this money is spent to better meet the needs of their local area. To date, more than GBP 64 million has been contributed to 53 communities across the United Kingdom.

In other cases, such as in Avangrid's network business, the investment in infrastructure or public support services is set out in the initial project permits. The same is true for Neoenergia's transmission projects, as part of the agreement for public support services.

In Iberdrola Mexico's renewable energy projects, social investment actions are carried out each year in nearby communities. Actions are identified for these projects that are aimed at benefiting groups such as women, children and other vulnerable groups.

Another example is the New England Wind I offshore wind project in the United States, where Avangrid developed a Host Community Agreement to mitigate potential negative impacts and promote positive impacts related to the final design of the onshore cable route and the construction of the substation. As part of the agreement, Avangrid not only committed to minimising potential negative impacts, but also, through the design of the onshore power cable route, contributed to reducing the costs of a village sewerage project by placing them together. This agreement was signed in 2022 with community representatives and is expected to be implemented in 2025. A communication plan was implemented with community representatives in 2024 to further develop the order of the work.

When implementing new renewable energy projects, efforts are made to involve local communities in the project supply chain. An example of this is the Tarquinia photovoltaic plant in Italy, where local nurseries were involved in the landscaping of the complex.

A very common community development action in projects is repairing roads and paths. One example is in Spain, as part of the operation and maintenance work at the Elgea wind farm, where roads were repaired and upgraded for use by local communities, mainly for recreational activities. At the same time, repair and maintenance work was also carried out on several cattle grids for livestock control.

As part of the construction of the Kilgallioch wind farm in Scotland, ScottishPower carried out improvement works on 4.5 km of the Southern Upland Way. In addition, the project agreed to contribute over EUR 59,000 (GBP 50,000) per year until the end of its operations to the Dumfries and Galloway Council in order to recruit two rangers to promote, manage and maintain the Southern Upland Way throughout the region, including auxiliary routes and associated services.

The Company ensures that these actions are effective through monitoring processes that are part of the communication plans, specific impact management plans such as noise management plans, biodiversity plans, etc. For example, at the Cofrentes nuclear project in Spain, an Information Committee was established in which representatives of the affected communities could participate and share the impact that the facilities have on the communities. These meetings allow the communities to communicate the changes and their concerns about any potential additional adverse effects that may arise. In addition, action plans with relevant measures are determined and monitored at these meetings. At the Oitis wind project in Brazil, high levels of dust impacting the community were identified through various monitoring activities, including community consultations. Thanks to its monitoring, the Company was able to adequately manage the identified impact.

To determine any remedial actions to be taken, the Company prioritises dialogue and collaboration with those potentially affected, in addition to compliance with current law. The companies of the Group implement remedial measures in relation to the communities from a perspective that takes into account local circumstances and environmental and social studies as a basis for their assessment. As explained above, remedial measures are often already provided for in the terms under which permits are granted. In the case of subsequent impacts, the manager of the project or business operations in the area is ultimately responsible for any engagement and remedial actions taken with the affected community.

At the Saint-Brieuc offshore wind farm in France, a freely accessible website has been set up to provide information on the project, and on the mitigation and compensation measures deployed. There is a specific space for the beneficiaries of the financial compensation measures for the fishing sector. The implementation of these measures is subject to consultations between fishermen's committees, institutions and fishing industry organisations. In addition, a compensation system has been established to help address the challenge of redressing the harm suffered by fishing companies subject to a significant restriction of their activities linked to the construction of the wind farm.

No material risks or opportunities have been identified that relate to the affected communities (cross to DMA). Applying the legal provisions in force in each jurisdiction and implementing due diligence processes means that no material risks or opportunities arise. This conclusion is also supported by the fact that no material financial impacts have been recorded in previous financial years. The Company's actions therefore focus on applying the mitigation hierarchy to potential impacts without these resulting in a violation of the United Nations Guiding Principles.

The resources allocated to managing the actions aimed at affected communities are part of the Group's investments and operating costs, and the accounting systems do not specifically differentiate these amounts. The resources allocated cover the management systems for human rights issues concerning the affected communities, such as the environmental management or the health and safety system, fire prevention and noise reduction systems, and explicit measures taken at the facilities to prevent, mitigate or repair possible impacts (compensation to affected fishermen, repair of infrastructure, preservation of archaeological findings, etc.).

Contributions to society

The sponsorship and patronage programmes that the Group companies have together with their foundations are worth highlighting, as they contribute to the social and economic development of the communities in which the Company has a presence.

Iberdrola has selected the Business for Societal Impact (B4SI) model to measure and assess business contributions to the community due to its broad international recognition. It is regarded as the most highly-valued standard for measuring the results and impacts of social programmes, both for the company and for the community. This standard only recognises projects that involve voluntary contributions for social or environmental protection purposes, for non-profit purposes and that are not restricted to groups related to the company.

According to this model, the total contribution to the community during 2024 amounted to 56,702 thousand euros.

This amount exceeds 1% of net profit for the financial year.



3. Metrics and targets

- **Disclosure Requirement [S3-5]: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**

As set out in requirement *section MDR-T of chapter ESRS 2*, the Company has established the following targets related to sustainability issues identified in the assessment of impacts, risks and opportunities related to managing material negative impacts, promoting positive impacts and managing material risks and opportunities:

Target: Beneficiaries of the “Electricity for All” program

Strengthening human and social capital

	2024	2025	2026	2030
 Beneficiaries of the “Electricity for all” program Million beneficiaries (cumulative)	13.8	14	15	16

A voluntary target is set for **beneficiaries of the “Electricity for All” program**, which aims to reach 16 million beneficiaries of the programme by 2030, with intermediate milestones of 14 and 15 million in 2025 and 2026, respectively.

The Electricity for All programme was launched in 2014, with a target of 4 million beneficiaries by 2020. Once this target was reached in 2020, it was considered appropriate to set a new target in line with the 2030 Agenda, based on the 2023-2030 projection of new supply by the countries, and the forecast values to meet the target set were verified to be valid. This new target is in line with the aim of ensuring access to electricity in emerging and developing countries, as well as for vulnerable people in developed countries, in accordance with the General Sustainable Development Policy, in particular its principles of conduct in relation to promoting the improvement of people’s quality of life, care for the environment, sustainable development, universal access to energy and the eradication of hunger, including fundraising campaigns for projects that seek to meet social needs, and to support initiatives that contribute to a healthier, more egalitarian and just society, such as support for the empowerment of women and other vulnerable groups or the promotion of reconciliation between personal and working life.

The current target was set in 2018 and aims to reach another 12 million beneficiaries in 2018-2030 in addition to the target set in 2014.

There is no standard methodology for quantifying the beneficiaries/connection points for this type of programme. The criteria followed by the Company is restrictive and only includes investments that have a high impact, both in Mexico and Brazil. This criteria was established based on a report developed by the Technological Innovation Centre for human development of the Polytechnic University of Madrid (itdUPM).

By monitoring this target set, the Company tracks the effectiveness of its actions to address material impacts, risks and opportunities.

The progress on reaching the target is monitored internally on a quarterly basis.

Target: Beneficiaries of the Foundations programs

Strengthening human and social capital

	2024	2025	2026	2030
 Beneficiaries of the Foundations programs Million annual beneficiaries	6.1	8	8	10

A voluntary target is set for **beneficiaries of the Foundations programs**, which aims to reach 10 million beneficiaries of the programme by 2030, with intermediate milestones of 8 million in 2025 and 2026.

Through its foundations, the Iberdrola Group promotes social initiatives that are committed to the economic, social and cultural development of the regions in which it carries out its business activities. The foundations promoted by the companies of the Group aim to foster positive changes for the sustainable development of the planet and the most vulnerable, in accordance with the Company's values and the *General Sustainable Development Policy*, in particular its principles of conduct regarding support for initiatives that contribute to a healthier, more egalitarian and just society, such as support for the empowerment of women and other vulnerable groups or the reconciliation between personal and working life.

The target value was estimated based on the historical beneficiary values and the projected future programmes of the foundations, based on growth associated with future projects and grants envisaged by the foundations.

The beneficiaries of each foundation are calculated by adding the number of direct and indirect beneficiaries. The methodology followed by the foundations considers direct beneficiaries to be those users that the project aims to benefit directly as the target of the project in question, and indirect beneficiaries to be those users who experience collateral benefits, i.e. without being the main recipients of the action or project.

This calculation methodology is applicable to all foundations, which are coordinated through the Iberdrola Group’s Foundations Committee, established in 2014, and which follow the Foundations Master Plan to achieve this target.

The progress on reaching the target is monitored internally on a quarterly basis.

Target: Corporate volunteering

Strengthening human and social capital

	2024	2025	2026	2030
 Corporate volunteering No of annual volunteers (thousands of employees and companions)	22.8	19	19.5	23

A voluntary target is set for the number of volunteers per year, which aims to increase the number of volunteers (employees and companions) who participate in the Group’s volunteering activities to 23 in 2030, with intermediate milestones of 19 and 19,500 in 2025 and 2026, respectively.

Iberdrola’s International Corporate Volunteering Programme was established in 2006 to encourage the Iberdrola Group’s personnel to get involved in the realities of the most disadvantaged groups in society, making them agents of change. It is a global initiative that is in line with the Company’s values and the *General Sustainable Development Policy*, in particular its principles of conduct in relation to developing corporate volunteering programmes and campaigns that encourage its professionals to participate in charitable actions with the aim of promoting the improvement of people’s quality of life, care for the environment, sustainable development, universal access to energy and the eradication of hunger, including fundraising campaigns for projects that seek to meet social needs, and to support initiatives that contribute to a healthier, more egalitarian and just society, such as support for the empowerment of women and other vulnerable groups or reconciliation between personal and working life.

This target was set based on the data provided by each country, in accordance with their current situation and growth prospects. However, as a result of undesired exceptional circumstances (floods, hurricanes, etc.) that occurred in 2023, the previously established values were exceeded, thanks to the spirit of community service shown by the Company's people.

Target: Human Rights Due Diligence

Keeping our culture of ethics, transparency and good governance

	2024	2025	2026	2030
 Human Rights Due Diligence Continuous revision of the DD System	√	√	√	√

A voluntary target for the Human Rights Due Diligence has been established with the aim of carrying out an ongoing review of the human rights due diligence processes and sub-processes implemented at the companies of the Group.

The Company formally sets out its alignment with human rights in its [Policy on Respect for Human Rights](#). This policy sets out the principles of conduct and the need to have the necessary governance processes and systems in place to ensure respect for human rights in relation to its businesses, countries of operation and supply chain as set out in the United Nations Guiding Principles (UNGPs). The Company has therefore implemented due diligence processes and sub-processes that enable it to identify its potential and actual impacts and to act in accordance with internationally recognised human rights principles and standards.

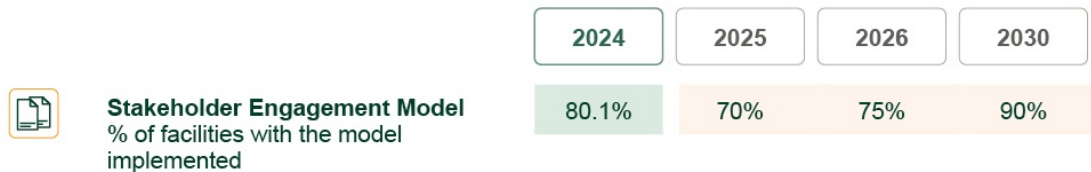
In compliance with the [Policy on Respect for Human Rights](#), this target is based on its main principles of conduct, on the continuous improvement of due diligence processes to identify those situations and activities with the highest risk of human rights violations, with the aim of developing mechanisms to prevent and mitigate such risk, and to remedy any impacts should they arise, assessing the effectiveness of the due diligence system on a regular basis through monitoring indicators, with a special focus on those locations of operation where there may be a higher risk of human rights violations. This assessment is supported by the internal control systems of the Group's companies, and the results of the assessment of the effectiveness of the due diligence processes are reported in annual public information, and also made available on the Company's corporate website.

This target was set based on the Human Rights Due Diligence processes and sub-processes, and a comprehensive multi-year project was created to review the Human Rights Due Diligence System. In order to review the system, several priority lines of action were identified, which include the following:

- Ongoing review of due diligence processes to ensure that they meet the requirements of emerging human rights legislation, including the Corporate Sustainability Due Diligence Directive (CS3D).
- Updating the Human Rights Risk Map to cover new risk categories based on the monitoring performed, including, among others, the risk associated with sourcing certain critical raw materials in the supply chain.
- Strengthening value chain due diligence throughout the supplier selection, sourcing and follow-up cycle.
- Strengthening the social dimension in corporate transactions.
- Employee awareness-raising and training on human rights and due diligence.
- Developing digital tools to organise and improve the processing of the information gathered in consultation processes.

Target: Stakeholder Engagement Model.

Keeping our culture of ethics, transparency and good governance



A voluntary target is set for the **Stakeholder Engagement Model**, which aims to increase the percentage of facilities that have implemented the model to 90% of facilities by 2030, with intermediate milestones of 70% and 75% in 2025 and 2026, respectively.

The companies of the Group maintain community engagement during all phases of a project and establish channels of dialogue through which the communities can communicate their expectations and needs. This continuously strengthens engagement with the communities in which they do business, through the Stakeholder Engagement Model, which is in line with the principles set out in the *Stakeholder Engagement Policy*, and aimed at identifying potential human rights impacts and creating sustainable value for all. Project stakeholders may include potentially affected communities or individuals, as well as their formal or informal representatives, among others.

Stakeholder engagement is key to the environmental, social and economic performance of projects throughout their life cycle. Therefore, getting to know and interacting with them at an early stage allows us to better understand their expectations and needs and to include them in the decision-making process. This target is based on the main principles of conduct: Responsibility, Transparency, Active Listening, Participation and Engagement, Consensus, Partnership and Continuous Improvement.

This target is set out based on the Stakeholder Engagement Model and the intention to extend the scope of this model as much as possible, in accordance with the Company's policies.

Entity specific indicators

Fiscal responsibility

The Board of Directors of Iberdrola, S.A. is responsible for designing, assessing, approving and reviewing on an ongoing basis the [Governance and Sustainability System](#) and specifically with approving and updating policies, including the [Corporate Tax Policy](#). In addition, the Board of Directors is responsible for preparing the tax strategy and approving investments or transactions that are particularly important for tax purposes due to their size or characteristics.

In exercising its powers, the Company's Board of Directors approves the [Corporate Tax Policy](#), which respects, further develops and adapts the Iberdrola Group's [Governance and Sustainability System](#) in relation to the Company.

This policy applies to the Company. However, the basic principles set out in the policy regarding tax matters, and those contained in the [Governance and Sustainability System](#), serve as the basis for and must govern, preside over and inform the conduct and regulatory developments of the other companies of the group in this regard, in the exercise of their powers and with due regard for their autonomy.

Insofar as the listed country subholding companies form part of the Group, they and their subsidiaries may establish principles and rules, under their own special framework of enhanced autonomy, the content of which must be in line with the principles contained in this policy.

These principles will also govern, as appropriate, the conduct of the foundations that are linked to the Group.

The Company will also encourage the other companies in which it has an equity interest and that do not form part of the Group, as well as joint ventures, temporary joint ventures and other entities that it manages, to align their regulations with the basic tax principles contained in this policy.

Purpose

The purpose of this policy is to establish the basis for determining the Company's tax strategy, based on excellence and commitment to the application of good tax practices, within the framework of the Group's corporate and governance structure.

The tax strategy is based on three fundamental pillars: compliance with tax obligations, ongoing cooperation with the tax authorities, and transparency. In addition, the Company will seek to ensure appropriate coordination of the tax practices applied by the companies of the Group, all within the framework of achieving the corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the execution of business decisions.

The Company therefore takes into consideration the legitimate interests, including public interests, involved in its activities. In this regard, the taxes that the companies of the Group pay in the countries and territories in which they do business constitute their main contribution to supporting public expenditure and, therefore, one of their main contributions to society.

The [*Corporate Tax Policy*](#) is publicly available on the Company's corporate website.

Main principles of conduct

The Company's compliance with its tax obligations and its relations with the tax authorities will be governed, in addition to the Iberdrola group's [*Governance and Sustainability System*](#), by the following main principles of conduct:

- Endeavour to ensure compliance with tax regulations in the various countries and territories in which the companies of the Group operate, paying any taxes that are due in accordance with the legal system.
- Take tax-related decisions based on a reasonable interpretation of applicable legal provisions in close connection with its activities.
- Prevent and reduce significant tax risks, endeavouring to ensure that taxes have an appropriate relationship to the structure and location of activities, human and material resources, and business risks.
- Foster a relationship with the tax authorities that is governed by the principles of legality, transparency, loyalty, trust, professionalism, collaboration, reciprocity and good faith, without prejudice to any legitimate disputes that may arise with these authorities, respecting the established principles of conduct and in defence of the corporate interest.
- Provide information to the management decision-making bodies on the main tax implications of the transactions or matters submitted to them for approval, when they are a significant factor in making a decision.

Good tax practices

By application of these principles, the Company adopts and promotes the following good tax practices:

- Not to use artificial structures unrelated to the Group's business for the sole purpose of reducing its tax burden or, in particular, to enter into transactions with related entities solely to erode the tax base or to transfer profits to low-tax territories.
- To avoid opaque structures for tax purposes, which are understood as structures designed to prevent the competent tax authorities from having knowledge of the party ultimately responsible for the activities or the beneficial owner of the relevant assets or rights.
- Not to create or acquire companies resident in countries or territories that Spanish legal provisions classify as tax havens or which are included on the EU blacklist of non-cooperative jurisdictions, with the sole exception of those cases in which it is obliged to do so in the case of an indirect acquisition in which the company resident in a tax haven is part of a Group of companies being acquired, in which case, the provisions of the Procedure for the Creation or Acquisition of Equity Interests in Special Purpose Entities Domiciled in Tax Havens, approved by the Board of Directors of Iberdrola, must be taken into account.
- To cooperate with the competent tax authorities in detecting and seeking solutions to fraudulent tax practices of which the Company is aware, which may be used in the markets in which the companies of the Group have a presence.
- To provide, as soon as possible and to the appropriate extent, any tax-related information and documentation requested by the tax authorities in the exercise of their powers.
- To make known and adequately discuss with the corresponding body of the tax authorities all relevant factual matters of which it has knowledge to prepare, where appropriate, the files in question and to promote, as far as reasonably possible and without undermining sound business management, any agreements and adjustments over the course of inspection procedures.
- To make the whistleblowing channels envisaged by law available to anyone who wishes to report any conduct that may involve any wrongdoing or conduct contrary to law or to the [Governance and Sustainability System](#), including, in particular, that set out in the [Code of Ethics](#) and, therefore, tax-related activities.

Implementation and coordination of the tax strategy within the Group

The Company's Board of Directors is also responsible for preparing the tax strategy and approving investments or transactions that are particularly important for tax purposes due to their size or characteristics.

Pursuant to the corporate and governance structure specified in the *Governance and Sustainability System*, and particularly in the *Foundations for the Definition and Coordination of the Iberdrola Group*, the various companies of the Group are responsible for implementing and monitoring the tax strategy established for the group by the Company's Board of Directors, while respecting the principles of subsidiarity and decentralised management. In this regard:

- a. The Company's Board of Directors, through its chairman and chief executive officer, with the technical support of the Operating Committee as well as the management team, together, where appropriate, with its corresponding support committees, promotes the supervision, organisation, coordination and monitoring of the principles of conduct and good tax practices set out in the *Policy* by the companies making up the Group, whose activities have a significant impact on tax matters.

The head of business companies report to the country subholding companies on an annual basis regarding the level of compliance with the tax strategy established at the Group level. In turn, the audit and compliance committees of the country subholding companies report to the Company's Audit and Risk Supervision Committee on the level of compliance with such tax strategy.

The Company's Audit and Risk Supervision Committee, in accordance with the provisions of its regulations, provides the Board of Directors with annual information on the tax practices and standards applied by the Company and on the level of compliance with the tax strategy by the companies of the Group during the financial year. In addition, in the case of transactions or matters that must be submitted to the Board of Directors for approval, it informs the Board of their tax consequences, when they constitute a significant factor.

- b. The country subholding companies assume their own responsibilities with respect to compliance with tax obligations and in relation to implementing the global tax strategy established at the Group level in their respective countries, territories or businesses, respecting the tax principles and good tax practices set out in the *Policy*, to the extent applicable, endeavouring to ensure compliance with these principles and good practices in accordance with applicable legal provisions in each jurisdiction, and their needs and particular circumstances, and assuming responsibility for monitoring, organising and coordinating, in the respective territories, countries or businesses in which they do business, compliance with the standards to be followed in applying those taxes that, by their nature, affect more than one company of the Group.

- c. In addition to being responsible for compliance with their tax obligations, in all cases respecting the tax principles and good tax practices set out in the *Policy* and any standards established for the country subholding companies, the head of business companies endeavour to ensure compliance with these principles and good practices by the companies of the Group through which they carry out their respective businesses.
- d. The foregoing is without prejudice to the corporate autonomy of each of the companies of the Group, in particular the special framework of enhanced autonomy for listed country *subholding* companies, and, in the case of the head of business companies, full respect for the corporate autonomy of the subsidiaries of the head of business companies domiciled in countries or territories other than that of the head of business company, and their own responsibility to comply with their tax obligations in accordance with the tax principles and good tax practices set out in the *Policy*.

The Company's Global Tax Division (or such division as assumes the powers thereof at any time) regularly approves and reviews guidelines for assessing and managing tax risk, applicable to all companies of the Group, which include objective standards for classifying transactions based on their tax risk, and various procedures for their approval. It also acts as the body responsible for the Company's tax compliance, in coordination with the Company's Compliance Unit, proactively and independently ensuring compliance with tax regulations and the tax strategy defined at the Group level.

Implementation and monitoring of the Corporate Tax Policy

To implement and monitor the provisions of the *Policy*, the Board of Directors is supported by the Global Tax Division (or such division as assumes the powers thereof at any time), which, in coordination with the Company's Compliance Unit, proactively and independently ensures compliance with the tax principles and good tax practices set out in the *Policy*.

The Company's Audit and Risk Supervision Committee, in accordance with the provisions of its regulations, provides the Board of Directors with annual information on the Company's level of compliance with the *Policy* in each financial year.

The *Corporate Tax Policy* is subject to an ongoing review process to constantly reflect best practices in this area, with the last update taking place in February 2025.

Risk management and compliance model

The Company proactively endeavours to ensure compliance with tax regulations and to prevent and reduce significant tax risks. For this purpose, it has a robust tax risk prevention model in line with best tax governance practices, which is duly monitored, updated and aligned with applicable legal requirements.

In this regard, in 2019 Iberdrola was the first Spanish company to obtain the tax compliance management system certificate in accordance with the requirements established in the UNE 19602 standard, issued for a period of three years. In 2022, Iberdrola was the first company to renew the certification for a subsequent three-year period. In 2024, a satisfactory audit of the tax compliance system was obtained for the sixth consecutive year.

In 2024, Iberdrola was also the first Spanish company to obtain the international certificate in tax transparency, *Fair Tax Mark*, awarded by the *Fair Tax Foundation*, certifying that the Group pays taxes responsibly throughout the world.

In addition, among other measures, Iberdrola has objective standards applicable to all the Group companies for classifying transactions based on their tax risk.

Lastly, the Group prohibits the creation or acquisition of companies domiciled in countries or territories considered to be tax havens, and therefore its investees do not include companies domiciled in such jurisdictions under Spanish law, or in territories included on the European Union's blacklist of non-cooperative tax jurisdictions.

Stakeholder engagement in tax matters

Iberdrola, S.A. adheres to the Code of Good Tax Practices approved on 20 July 2010 by the full Forum of Large Businesses (Foro de Grandes Empresas), established on 10 July 2009 at the behest of the National Tax Administration Agency (Agencia Estatal de Administración Tributaria). The commitment regarding compliance with, development of and implementation of the Code extends to any other good tax practices arising from the recommendations contained in this Code at any given time, even if they are not expressly included in the [Corporate Tax Policy](#). In addition, the Group is committed to complying with the OECD Guidelines for Multinational Enterprises in tax matters.

Within the framework of the Code, Iberdrola, S.A. has voluntarily submitted an Annual Tax Transparency Report for companies adhering to the Code of Good Tax Practices to the Spanish tax authorities since financial year 2015, which includes detailed information on the Group's tax matters. This report is currently the most important instrument in the cooperative relationship with the tax authorities.

In addition, within the framework of the Code, Iberdrola, S.A. has also been voluntarily submitting documentation on related-party transactions to the National Tax Administration Agency since 2024.

At the international level, the Iberdrola Group participates in other programmes and actions to promote and maintain a cooperative relationship with the tax authorities. Therefore, Scottish Power participates in the HMRC (*His Majesty's Revenue and Customs*) taxpayer risk profile rating, having obtained a low-risk rating. Likewise, Neoenergia is a member of the *Receita Federal* programme, and voluntarily participates in the *Cooperative Tax Compliance Programme (Confia)*. In Europe, Iberdrola also adheres to the Code of Good Practices and is a member of the *Large Companies Forum* of Portugal, and participates in the enhanced cooperation programme *Relation de confiance* of the French tax authorities.

In addition, since 2019 the Company has voluntarily prepared the annual Report on Tax Transparency of the Iberdrola group. Our commitment to society. This report covers all matters that are significant from a tax standpoint, and it will be prepared again in 2025. The report includes the *Country by Country Report* for the previous year on the same terms on which it is submitted to the Spanish tax authorities. This report is publicly available on the corporate website.

Finally, Iberdrola makes specific whistleblowing channels available to its main Stakeholders, which serve as a vehicle for reporting conduct that could involve improper conduct or conduct contrary to law or to the internal rules or procedures, including those related to tax matters.

The taxes paid are presented in the following table:

Tax contribution (millions of euros)

Contributions	2024	2023
Company contributions	5,279	4,704 ⁵⁸
Contributions due to third-party payments	5,021	4,864
Iberdrola consolidated total	10,300	9,568

The Group's tax contribution for 2024 is significantly higher than for the previous financial year, in terms of both own contributions charged to the income statement and contributions for payments by third parties.

The increase in own contributions relates mainly to the following items:

- a. corporate income tax, which increased significantly, mainly in the United Kingdom, due to the effect of the increase in the applicable tax rate, and in Mexico, as a result of the sale of the combined cycle business.

⁵⁸ Includes other electricity sector charges.

- b. electricity taxes, which increased in the United Kingdom as a result of the rise in the MWh price, which had an impact on the *Electricity Generation Levy*, and the application of a new levy in Portugal. In Spain, it is worth highlighting the reintroduction of the tax on the value of electricity production, which had been suspended for 2023, the increase in the hydroelectric levy, as a result of higher production, and the adjustment in the calculation base of the temporary energy levy.

The amount of contributions for payments by third parties increased, mainly in relation to value added tax in Spain, due to a decrease in refunds received compared to the previous year, resulting from the tax mechanism itself, and to the special tax on electricity, as a result of the gradual reversal of the reduced tax rate that was applicable in financial year 2023.

Tax contribution (millions of euros)

Corporate income tax paid	2024	2023
Spain	890	925
United Kingdom	327	157
United States of America	21	38
Brazil	126	143
Mexico	443	144
Germany	-25	64
Canada	0	0
Cyprus	0	0
France	16	0
Greece	9	8
Hungary	4	3
Italy	1	0
Latvia	2	0
Netherlands	0	-12
Poland	2	3
Portugal	123	17
Romania	1	2
Iberdrola consolidated total	1,940	1,492

Global tax contribution	2024	2023
Spain	4,313	3,769
Company contributions	2,532	2,735
Contributions due to third-party payments	1,781	1,034
United Kingdom	1,260	1,119
Company contributions	984	570
Contributions due to third-party payments	276	549
United States of America	1,292	1,261
Company contributions	891	889
Contributions due to third-party payments	401	372
Brazil	2,428	2,530
Company contributions	219	235
Contributions due to third-party payments	2,209	2,295
Mexico	442	310
Company contributions	452	156
Contributions due to third-party payments	-10	154
Other	565	579
Company contributions	201	119
Contributions due to third-party payments	364	460
Iberdrola consolidated total	10,300	9,568
Company contributions	5,279	4,704
Contributions due to third-party payments	5,021	4,864

As a large multinational group, the Iberdrola Group is subject to the Pillar Two Global Anti-Base Erosion Model Rules (also known as the GloBE Rules) approved by the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on BEPS (Base Erosion and Profit Shifting) on 14 December 2021, to which the EU Member States, among many others, adhered.

Pursuant to these model rules, the Group is required to pay, where applicable, a supplementary tax on profits earned in any tax jurisdiction in which its effective tax rate, calculated at the jurisdictional level and in accordance with these rules, is lower than the 15% minimum.

Legislation implementing the model rules has been passed, or is in the final stage of being passed, in many of the jurisdictions in which Iberdrola has a presence.

In Spain, the country of the Group's ultimate parent company, Council Directive (EU) 2022/2523 of 15 December 2022 has been transposed into domestic law, mainly and to the extent that it affects Iberdrola, through Law 7/2024 of 20 December, and Vizcaya Provincial Law 4/2004 of 27 December.

These rules (in the Spanish law, Transitional Provision Four - Transitional non-enforceability of the supplementary tax in accordance with qualified country-by-country reporting) include substantive regulation of *transitional safe harbours* for the 2024-2026 period in which the country-by-country reporting takes on special significance, as it is used as the basis for calculating and verifying compliance with these safe harbours.

In this context, the Iberdrola Group has aligned the configuration of its country-by-country report for financial year 2024 with the requirements of the rules for the supplementary tax in order to present a “*qualified country-by-country report*” for the purposes of applying the new global minimum tax rules.

Therefore, as was the case in 2023, the main source of data for drawing up the country-by-country report presented below is the aggregation of data from the individual IFRS financial statements of the Iberdrola’s Group companies that are fully or proportionately consolidated (“*line by line*”) (expressed in millions of euros), and not the consolidated financial statements, which was the method used until financial year 2022. The data presented exclude entities consolidated under the equity method.

Total tax contribution by country (millions of euros)

Tax jurisdiction	Income - Third Parties	Income - Related Party	Income - Total	Pre-tax profit	Corporate income tax - Paid	Corporate income tax - Accrued (total)	Corporate income tax - Accrued (current)	Declared capital	Undistributed profit	Number of professionals (FTEs)	Tangible assets
España	14,286	21,629	35,915	3,554	890	800	883	17,185	39,588	9,849	24,773
Reino Unido	9,737	5,217	14,954	2,107	327	594	344	22,788	22,411	6,507	20,495
Estados Unidos	8,256	1,296	9,552	-755	21	-213	11	1,601	1,024	8,269	32,634
Brasil	9,697	486	10,183	886	126	181	115	4,107	5,134	15,544	11,890
México	5,338	580	5,918	3,204	443	807	936	3,257	2,232	831	3,991
Alemania	501	306	807	136	-25	25	37	-74	571	196	2,502
Argelia	0	0	0	0	0	0	0	0	0	0	0
Australia	502	21	523	31	0	8	0	1,733	408	240	1,646
Bulgaria	0	0	0	-1	0	0	0	3	-52	0	0
Canadá	0	0	0	-17	0	0	0	0	-252	0	0
Catar	5	0	5	-1	0	0	0	1	-13	36	2
Chipre	4	0	4	2	0	0	0	0	7	1	16
Corea del Sur	0	0	0	-1	0	0	0	4	-2	1	0
Egypt	0	0	0	0	0	0	0	0	0	0	0
Francia	328	37	365	79	16	23	14	2,089	117	150	2,547
Grecia	84	0	84	45	9	10	11	0	122	112	321
Honduras	0	0	0	0	0	0	0	0	0	0	0

Tax jurisdiction	Income - Third Parties	Income - Related Party	Income - Total	Pre-tax profit	Corporate income tax - Paid	Corporate income tax - Accrued (total)	Corporate income tax - Accrued (current)	Declared capital	Undistributed profit	Number of professionals (FTEs)	Tangible assets
Hungría	38	2	40	27	4	5	5	64	118	10	99
Irlanda	0	0	0	-15	0	0	0	17	-49	2	0
Italia	369	226	595	-15	1	-10	0	5	-234	107	176
Japón	0	0	0	-27	0	0	0	20	-45	13	0
Letonia	5	0	5	2	2	1	1	0	1	1	0
Luxemburgo	2	6	8	-9	0	-3	0	18	13	1	0
Malta	0	0	0	0	0	0	0	0	1	0	0
Marruecos	0	0	0	0	0	0	0	0	0	0	0
Montenegro	0	0	0	0	0	0	0	0	0	0	0
Noruega	0	0	0	-1	0	0	0	0	-2	0	0
Países Bajos	0	414	414	0	0	0	0	0	10	0	0
Polonia	54	2	56	0	2	2	1	104	-9	39	294
Portugal	1,142	914	2,056	149	123	47	46	4	273	238	2,067
Rumanía	48	5	53	46	1	2	2	79	77	0	38
Singapur	0	0	0	0	0	0	0	2	-1	1	0
Sudáfrica	0	0	0	0	0	0	0	9	-13	0	0
Suecia	0	0	0	0	0	0	0	0	-24	0	0
Taiwán	0	0	0	0	0	0	0	0	-15	3	0
Vietnam	0	0	0	-1	0	0	0	3	-5	4	2
TOTAL	50,396	31,141	81,537	9,425	1,940	2,279	2,406	53,019	71,391	42,155	103,493

The OECD Country-by-Country Report guidelines do not require an analysis of differences between the nominal tax rate and the effective corporate income tax rate. However, in order to provide a more in-depth analysis and to better interpret the data shown in the Country-by-Country Report, the main aspects by jurisdiction that determine changes in the effective tax rate of the entities of the Iberdrola Group are indicated below. The effective tax rate is calculated for those jurisdictions in which the aggregate figure is profit before tax and there is therefore an accrued tax (expense). In those countries where losses are incurred, it does not make economic sense to analyse the effective tax rate.

Spain: no significant differences in 2024 between the nominal rate and the effective rate.

United Kingdom: the difference between the nominal rate and the effective rate is mainly due to the impact of certain permanent accounting and tax differences arising in 2024 as a result of non-deductible tax expenses such as certain development costs or the temporary “windfall tax” on low-carbon electricity generation.

United States of America: in 2024, a loss before tax was recognised in the United States and it is hence not appropriate to analyse the effective tax rate in this jurisdiction.

Brazil: the effective rate is below the nominal rate, mainly due to the effects of the (optional) application of the presumed profit regime in the taxation of certain companies, the payment of interest on equity and the existence of the SUDENE tax incentive. In addition, tax losses from previous financial years incurred by the holding company of the Renewables Business were capitalised.

Mexico: changes in exchange rates, considering that accounts are presented in dollars, and the existence of certain accounting and tax differences (capital gains resulting from the sale of the combined cycle business, provisions, deferred income, inflationary effect, valuation of derivatives and recognition differences in fixed assets and their depreciation rates) justify the difference between the nominal rate and the effective rate.

Other countries: the main differences regarding nominal rates are due to the effects of the deferred tax adjustments recognised under IFRS arising from the local tax regime applicable as from 2023 to certain local entities in Germany, to the accounting policies for capitalising tax losses and their subsequent use, to surcharges and taxes similar to corporate income tax applicable in jurisdictions such as Portugal and Hungary, and to the exemption on income arising from the transfer of securities representing the equity of entities, such as the operating subsidiary in Romania.

Iberdrola and the Global Compact

Iberdrola has been a member of the Global Compact since 2002, making commitments to support, promote, and disseminate its ten principles relating to human rights, labour practices, the environment, and the fight against corruption, both internally and within its area of influence. The Company has further developed the policies proposed by the Compact and has published them through its Statement of Non-Financial Information, [Integrated Report and Sustainability Information](#) and its corporate website.

Since 2004, Iberdrola has belonged to the Spanish Global Compact Network (Red Española del Pacto Mundial) as a founding member, and has prepared annual progress reports on compliance with the principles of the Compact, which are publicly available on the website of the Spanish Global Compact Network and on the website of the UN Global Compact.

Iberdrola engaged in the following activities in connection with the Global Compact during 2024:

- Attendance at the 2024 General Assembly of the Spanish Network.
- Active participation in the main platforms and initiatives at the global level:
 - Adoption of the *Caring For Climate* commitment to promote the adoption of climate change solutions and help shape public policy, of which Iberdrola has been a leading partner since its inception.
 - The *Business Ambition for 1.5°C* declaration in support of the goal of net-zero emissions by 2050.
 - Adherence to the Standards of Conduct for Business for Tackling Discrimination, promoted by the Office of the United Nations High Commissioner for Human Rights.
 - Participation in the *Forward Faster* programme, which encourages companies to publicise their commitments and highlight the actions they will take to meet the targets.
 - The *CEO Water Mandate* initiative to encourage sustainable practices in the use of water.
 - Iberdrola is a signatory to the Women's Empowerment Principles, which aim to promote equal opportunity and women's empowerment in the workplace, marketplace and community.
 - Iberdrola is a signatory to the Sustainable Ocean Principles to preserve the sustainability of the oceans and participates in the activities of the *Ocean Stewardship Coalition* to promote them.
 - Iberdrola is also part of *Race to Zero*, a global alliance promoted by the Climate High-Level Champions and the United Nations, bringing together companies, governments and various players in civil society committed to reaching a zero net emissions future no later than by mid-century.
 - Promoting the *Generation Unlimited España* Alliance, backed by UNICEF Spain and Iberdrola.

In addition, within the framework of the milestones of the multilateral agenda, the following activities should be noted:

- Very active involvement in the discussions and in developing activities and materials of the Think lab on Just Transition, including activities and documentation linking this topic to the business sector, financing, climate change mitigation and adaptation.
- Participation in the *High-Level Political Forum on Sustainable Development (HLPF)* Summit held in New York to promote climate action.
- Participation in activities and meetings linked to the United Nations General Assembly, most notably including the UN Private Sector Forum 2024.
- Participation at the highest level in the Climate Week, which was held in New York in September 2024 with the slogan It's Time.
- Participation in the United Nations Climate Change Conference, better known as COP29, held in Baku (Azerbaijan).
- Participation in the United Nations Biodiversity Conference, better known as COP16, held in Cali (Colombia).

Various awards have been received, notably including the following:

- Good Practice Awards of the Women Lead 2030 Movement by Neoenergia, promoted by the Brazil Network, for its protection, shelter and support programme for female employees who are victims of domestic violence.
- Recognition by the United Nations Spanish Global Compact Network for its high commitment to sustainability, within the *Forward Faster* initiative.

In 2025 Iberdrola will continue to actively participate in the activities of the Spanish Global Compact Network in a manner similar to the past years, and to sponsor climate action activities at a global level.

The link between the ESRS disclosure requirements of this report and the Ten Principles of the Global Compact is set out below. Each Stakeholder can use the table of contents to assess Iberdrola's degree of progress with respect to these principles.

Global Compact table of contents

Topic	Global Compact Principles	Related ESRS
Human Rights	Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	E1-4, E1-5, E1-6, E2-3, E2-4, E3.IRO-1, E3-2, E3-4, E4.IRO-1, E4.SBM-3, E4-3, E4-5, E4-6, E5-2, E5-4, E5-5, G1.GOV-1, G1-1, G1-2, G1-3, G1-4, G1-5, GOV-1, GOV-4, MDR-P, MDR-T, S1-1, S1-10, S1-12, S1-13, S1-14, S1-16, S1-17, S1-3, S1-4, S1-6, S1-7, S1-8, S1-9, S2.SBM-3, S2-1, S2-3, S2-4, S3.SBM-3, S3-1, S3-3, S3-4, S4-3, S4-4, SBM-1, SBM-2, SBM-3
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	SBM-3

Topic	Global Compact Principles	Related ESRS
Labour Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	E1-4, E1-5, E1-6, E2-4, E4-6, E5-2, E5-4, E5-5, G1.GOV-1, G1-1, G1-2, G1-3, G1-4, G1-5, GOV-1, GOV-4, MDR-P, S1-1, S1-10, S1-12, S1-13, S1-14, S1-16, S1-17, S1-3, S1-4, S1-6, S1-7, S1-8, S1-9, S2.SBM-3, S2-1, S2-3, S2-4, S3.SBM-3, S3-1, S3-3, S3-4, S4-3, S4-4, SBM-1, SBM-2, SBM-3
	Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	E1-4, E1-5, E1-6, E2-4, E4-6, E5-2, E5-4, E5-5, G1.GOV-1, G1-1, G1-2, G1-3, G1-4, G1-5, GOV-1, GOV-4, MDR-P, S1-1, S1-10, S1-12, S1-13, S1-14, S1-16, S1-17, S1-3, S1-4, S1-6, S1-7, S1-8, S1-9, S2.SBM-3, S2-1, S2-3, S2-4, S3.SBM-3, S3-1, S3-3, S3-4, S4-3, S4-4, SBM-1, SBM-2, SBM-3
	Principle 5. Businesses should uphold the effective abolition of child labour.	E1-4, E1-5, E1-6, E2-4, E4-6, E5-2, E5-4, E5-5, G1.GOV-1, G1-1, G1-2, G1-3, G1-4, G1-5, GOV-1, GOV-4, MDR-P, S1-1, S1-10, S1-12, S1-13, S1-14, S1-16, S1-17, S1-3, S1-4, S1-6, S1-7, S1-8, S1-9, S2.SBM-3, S2-1, S2-3, S2-4, S3.SBM-3, S3-1, S3-3, S3-4, S4-3, S4-4, SBM-1, SBM-2, SBM-3
	Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	S1-10, S1-13, S1-16, S1-17, S1-6, SBM-1

Topic	Global Compact Principles	Related ESRS
Environment	Principle 7. Businesses should support a precautionary approach to environmental challenges.	E1-3, E1-4, E1-5, E1-6, E1-SBM-3, E2-3, E2-4, E3.IRO-1, E3-2, E3-4, E4.IRO-1, E4.SBM-3, E4-3, E4-5, E4-6, E5-2, E5-4, E5-5, MDR-T, S3.SBM-3, S3-1, S3-4, SBM-3
	Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	E1-3, E1-4, E1-5, E1-6, E2-3, E2-4, E3.IRO-1, E3-2, E4.IRO-1, E4.SBM-3, E4-3, E4-5, E4-6, E5-2, E5-4, E5-5, MDR-T, SBM-3
	Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	E1-3, E1-4, E1-5, E1-6, E1-SBM-3, E2-3, E2-4, E3.IRO-1, E3-2, E3-4, E4.IRO-1, E4.SBM-3, E4-3, E4-5, E4-6, E5-2, E5-4, E5-5, MDR-T, S3.SBM-3, S3-1, S3-4, SBM-3
Anti-Corruption	Principle 10. Businesses should work against all forms of corruption, including extortion and bribery.	G1-1, G1-3, G1-4, G1-5, GOV-4, MDR-P, S1-1, S1-3, S2-1, S2-3, S3-1, S3-3, S4-3

[ESRS S4] Consumers and end-users

1. Strategy

■ Disclosure Requirement [SBM-3]: Material impacts, risks and opportunities and their interaction with strategy and business model

Material impacts, risks and opportunities related to consumers or end-users have been assessed by applying the double materiality assessment process described in the disclosure requirement *section IRO-1 of chapter ESRS 2*. Due to the universal nature of electricity as an energy source, the type of customers covers all sectors and people, all of whom are included in the scope of this report. The companies of the Group provide them with energy and services through a wide range of technologies, products and solutions, which are described in the disclosure requirement *section SBM-1 of chapter ESRS 2*.

Material positive impacts generally refer to promoting accessibility to electricity as an efficient, clean and safe energy source through different channels and digital platforms. The following have been identified:

- Better and more efficient electricity supply as a result of optimised operation of generation and distribution facilities.
- Improved access to electric mobility by building and maintaining the necessary infrastructure, i.e. electric chargers, grid extension and digitalisation.
- Optimisation of energy consumption through digital platforms thanks to the digitalisation of products and services.
- Prevention or mitigation of situations of vulnerability through tariff mechanisms and/or procedures to support economically or socially vulnerable customers.

Material negative impacts are related to user security, sales practices or data privacy, and are mitigated by strict regulations affecting electricity generation, transmission, distribution and marketing activities. The following have been identified:

- Leaks of sensitive customer data.
- Use of irresponsible or fraudulent marketing.
- Burns and electrocutions associated with gas leaks and power cuts in the distribution network.

To address data protection and the privacy of consumer or end-user information, the Company has a data protection management system in place to ensure systematic and ongoing compliance over time with the General Data Protection Regulation (GDPR), the Binding Corporate Rules and the personal data protection laws of each of the EU countries in which the Group has a presence⁵⁹. Iberdrola integrates data protection into the Company's culture, and also has cybersecurity policies and actions to minimise data breaches.

With regard to labelling products and services, the companies of the Group duly provide their customers with information on their invoices and other commercial communications, while always respecting assurance standards and the format required by the various competent national bodies (CNMC in Spain, Ofgem in the United Kingdom, ANEEL in Brazil, etc.).

In any case, the companies of the Group use their websites to provide consumers with recommendations and information on the most important aspects related to the safe use of electricity and gas, as well as guidelines to follow in the event of an accident. In addition, information leaflets are published on the potential risks of electricity that may impact on its correct use and information and training campaigns are also carried out on safety and energy saving measures aimed at the general public. All of this is aimed at protecting the health and safety of consumers.

Furthermore, the construction, operation and maintenance of electrical infrastructure involves certain risks that may at times give rise to incidents affecting people outside of the Group or its operations. In most of the cases detected, the incidents are related to work performed by third parties for themselves in the areas around the distribution facilities, as well as accidental contact with the network.

The companies of the Group pay particular attention to those consumers or end-users in vulnerable situations or at risk of exclusion, with protection procedures in place to facilitate access to electricity for the most disadvantaged groups. These measures are described in [section S4-4](#).

Electric mobility is a material positive impact and is promoted through the construction and operation of public and private charging infrastructure. This involves the installation of electric chargers together with their power supply infrastructure, extension of the distribution network and digital asset management platforms. This is described in greater detail in [section S4-4](#).

⁵⁹ Resolution of the Director of the Spanish Data Protection Agency of 15 December 2020. Available at www.iberdrola.com.

Another positive impact is the optimisation of energy consumption by households and companies and their participation in energy management and decision-making thanks to the digitalisation of products and services. Iberdrola offers different solutions to its customers, which are described in [section S4-4](#).

The double materiality assessment has not identified material risks or opportunities arising from impacts and dependencies with consumers and end-users related to sustainability aspects that are not already described in [ESRS E-1](#). (For more information, see [section IRO-1 of chapter ESRS 2](#)).

2. Impact, risk and opportunity management

■ Disclosure Requirement [S4-1]: Policies related to consumers and end-users

The Company has various policies that establish principles of conduct with respect to impacts, risks and opportunities in relation to consumers and end-users. These policies include the [*General Sustainable Development Policy*](#), the [*Personal Data Protection Policy*](#), the [*Stakeholder Engagement Policy*](#), the [*Policy on Respect for Human Rights*](#) and the [*Innovation Policy*](#). It also has cybersecurity risk guidelines.

The [*General Sustainable Development Policy*](#) promotes universal access to energy supply and the fight against climate change. This policy takes into consideration customers who are economically disadvantaged or in any other vulnerable situation, establishing specific protection procedures and collaborating, in accordance with the policies set out by the competent public authorities in each case, to facilitate ongoing access to electricity and gas supply.

Associated with the [*General Risk Control and Management Foundations of the Iberdrola Group*](#) are the cybersecurity risk guidelines, which ensure protection against risks arising from threats and vulnerabilities in control systems and cyberinfrastructure, and establish a framework for controlling and managing cybersecurity risks affecting the Company's information and communications systems; and the [*Personal Data Protection Policy*](#), which covers incidents such as leaks of sensitive consumer and end-user data, and establishes the general principles and guidelines regarding personal data protection at the Company.

Likewise, the [*Stakeholder Engagement Policy*](#) establishes the general framework for relations between companies of the Group and their respective stakeholders, including consumers and end-users. This policy promotes their involvement with the Company's projects, responding to their interests and generating trust that enables close, lasting, stable and robust relationships to be built. Accordingly, the company adheres to the Guiding Principles on Business and Human Rights and promotes practices that protect these rights in all its activities and operations.

This policy highlights that cooperation with consumers and end-users is a key aspect for Iberdrola. The Company encourages the engagement and involvement of consumers in the development of its activities through effective communication channels and voluntary consultation processes. The Iberdrola Group includes the expectations and needs of consumers in its business strategy, thereby contributing to the improvement of its human rights practices.

The *Policy on Respect for Human Rights* includes access to energy as a right related and linked to other human rights, collaborating with public institutions in implementing protection systems for vulnerable customers and plans to extend service to communities that lack access to energy. This policy establishes the need to have mandatory procedures and governance systems in place to ensure respect for human rights, and in the case of identified impacts, to develop prevention and mitigation mechanisms and provide redress. For more information on this policy, see *DR S3-1 (15. ESRS 2 MDR-P 65 a-f)*.

Lastly, the *Innovation Policy* sets out the pillars of the innovation strategy, which are sustainable development, promotion of renewable energy, exploitation of the opportunities offered by digitalisation and automation, and commitment to emerging technologies.

All of these policies, which form part of the Company's Corporate *Governance and Sustainability System*, serve as the basis for and must govern, preside over and inform the conduct and regulatory developments carried out by the other companies of the Group in this regard in the exercise their powers and with due regard for their autonomy.

These objectives and principles will also govern, as appropriate, the conduct of the foundations that are linked to the Group.

The Company will also encourage the other companies in which it has an interest and that do not form part of the Group, as well as joint ventures, temporary joint ventures and other entities that it manages, to align their regulations with the sustainable development strategy and the basic principles on sustainability contained in this Policy.

It should also be noted that these policies support international frameworks and instruments in the areas of human and labour rights, environmental protection and the fight against corruption and fraud, including the following:

- Principles on which the United Nations Global Compact is based.
- United Nation Guiding Principles on Business and Human Rights (UNGPs).
- OECD Guidelines for Multinational Enterprises.
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organization.
- International Labour Organization (ILO) Conventions (including Convention 169 on Indigenous and Tribal Peoples).

The Company ensures that its policies are accessible to all interested parties, and that all policies are made available to them through its corporate website and other internal and external communication channels.

There were no cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises involving consumers or end-users identified in 2024.

- **Disclosure Requirement [S4-2]: Processes for engaging with consumers and end-users about impacts**


Iberdrola Group companies have multiple customer service channels, such as telephone, online chats, various commercial websites, e-mail and in-person customer service offices. The goal is to make it easier for consumers and end-users, as well as their legitimate representatives or credible spokespersons, if necessary, to be able to easily contact them in relation to any information, complaint or grievance they may wish to express regarding contracted products or services. It should be noted that due to the regulated nature of many of the activities carried out by companies of the Group, local regulators and public institutions are also considered representatives of customers and users to supervise service levels and quality of service.


Various mechanisms, such as panels, customer satisfaction surveys, regulator surveys, etc. are also available, which make it possible to measure their level of satisfaction and obtain their views, verify compliance with their quality standards in customer service and sale channels, and also implement suggestions for improvement. The Group companies that provide the service or maintain the commercial relationship with the customer can consider the views of consumers or end-users in the decisions and activities intended to manage actual and potential incidents.

Examples of continuous interaction with customers include inviting them to participate in surveys to evaluate their experience after using the telephone customer service channels, or requesting feedback on their digital interaction after using the website and app.

Notable examples of the means and continuity of interaction include the use of a Customer Relationship Management (CRM) system in the United Kingdom to manage and organise the consumer complaint process. The CRM helps to monitor and manager each complaint from when it is received until it is resolved, thus ensuring that the steps established in the company's Complaints Handling Procedure (CHP) are correctly followed. They also interact and cooperate with customers through third-party mechanisms such as the Energy Ombudsman, consumer support and advisory groups and organisations, and through commitment with the regulator, government departments, and local and parliamentary representatives. In the case of Spain, there is a complaints process certified by the ISO 10002 and ISO 9001 standards for handling complaints and continuously improving processes, which also includes obtaining the views of customers who make complaints through surveys. All the Group's regulated marketers and distributors also have similar mechanisms and tools, focusing on customer service.

In all cases, and in general across all Group companies, the frequency of use for each collaboration channel is summarised in the following image:

 Customers - Networks			
Channels	Type of communication	Frequency of use	Significant issues
Digital channels (website customers, App)	Informative/ participatory	Ongoing	Customer satisfaction and experience
Remote channel (telephone)	Participatory	Ongoing	Supply quality
Satisfaction surveys	Consultation	Ongoing	Complaints, claims and impacts
Claims systems	Participatory	Ongoing	Present and future of the sector (energy transition)
Communication and dissemination campaigns	Informative	Regular	Strategy and investments

 Customers - Customers			
Channels	Type of communication	Frequency of use	Significant issues
Digital channels (website customers, social media, chat, Iberdrola Customers App, Public Charging App)	Informative/ participatory	Ongoing	Electricity invoicing and price
Remote channel (telephone)	Participatory	Ongoing	Customer satisfaction and experience
Customer service points, pop-ups	Participatory	Ongoing	Marketing of new solutions
Satisfaction surveys	Consultation	Ongoing	Impact complaints and claims
Communication and dissemination campaigns	Informative	Regular	Climate change and decarbonisation

The Customer Services Divisions in each country and business are responsible for ensuring collaboration with customers, and that its results are integrated into the company’s decisions and activities.

The Group companies assess the effectiveness of their collaboration with their customers by carrying out various customer satisfaction studies and surveys. A summary of some of the initiatives taken in the main countries in which they operate is provided below:

In Spain, the Wholesale and Retail Business has various indicators to measure the level of user satisfaction, including the Satisfaction Survey. This is an annual survey that measures the general level of satisfaction with the service received by customers and provides detailed information on attributes such as flexibility, training and handling of the channels, billing clarity, complaints management, quality of supply, price competitiveness and electronic billing, whether for large customers, small businesses or households.

In addition, there is a Voice of the Customer Measurement Programme that enables transactional satisfaction surveys to be carried out after interaction at various key moments and by telephone, face-to-face or through digital channels. This programme is based on the analysis of unstructured information through text analytics and machine learning, which allows customer opinions to be quickly obtained and makes it easier to prioritise and implement improvement actions.

In the United Kingdom, ScottishPower measures customer satisfaction at the Wholesale and Retail Business through an internal analysis called *Pulse*, which is conducted on a monthly basis and measures trust, ease of use, value, etc. Actions to improve the overall customer experience are implemented based on this analysis. In addition, more detailed analyses (e.g. on billing, *Smart Solution*, smart grids, etc.) are carried out using the *TalkEnergy* customer research panel. Action plans and improvements can be made based on the results.

The Networks Business receives weekly customer satisfaction results from the BMCS (*Broad Measure of Customer Satisfaction*), MtM (*Transmission*), MCCSS (*Major Connections*) and CVI (*Consumer Vulnerability Incentive*) surveys, which are conducted by a third party appointed by the supervisory body and provide literal information on the comments in customer satisfaction surveys, and are used as an indicator to set the regulatory incentive. The index is calculated based on a survey that covers all customers who have requested customer service, and takes into consideration various aspects of the service received.

Another comparative study that measures ScottishPower's customer satisfaction compared to its competitors is *Citizens Advice*. According to the last two surveys, this comprehensive quarterly survey has shown ScottishPower to be the best supplier in customer service terms from among large suppliers.

In the United States, the subsidiaries of Avangrid measure perception of the service and customer satisfaction through telephone and e-mail surveys.

In Brazil, the Brazilian Association of Electricity Distributors (ABRADEE) conducts a satisfaction study known as the Perceived Service Quality Satisfaction Index (ISQP), based on the evaluation of performance in the following areas: energy supply, information and communications, customer service, electricity billing and image. The ISQP is obtained through evaluations carried out by the customer using the Innovare Institute's surveys.

Finally, Group companies have implemented various actions to gain knowledge and understanding of the perspectives of consumers or end-users who are particularly vulnerable to impacts, or who are at risk of social exclusion:

- In Spain, the Networks Business has a “Voice of the Customer” programme and a free 24-hour Customer Care Telephone Service. At the same time, the Customers Business sends communications to customers in the process of suspending supply and to those applying for the subsidised tariff (“bono social”), keeps relevant information updated on its website, and has specific processes for handling and processing applications.
- In the United Kingdom, the Networks Business works with local communities through Local Resilience Forums and Memoranda of Understanding.
- In the United States, Avangrid assists and promotes programmes for low-income, elderly, blind and disabled customers, manages programmes for critical customers, especially those at risk during emergencies, and serves as a liaison with social service agencies.
- In Brazil, Neoenergia offers a special differentiated rate for low-income customers, offering them advantageous prices and special terms.

■ **Disclosure Requirement [S4-3]: Processes to remediate negative impacts and channels for consumers and end-users to raise concerns**

Group companies take action to ensure that end-users and consumers who may be affected have access to effective redress through legitimate processes and active cooperation.

Cybersecurity and information privacy are priority areas in relation to consumers and end-users. To manage these areas, we have implemented our own governance model, specific technical procedures in each business and area, and a data protection management system, among other actions. In the countries of operation in which the European Data Protection Regulation (GDPR) applies, compensation for data protection breaches is recognised as a right in the event that this has caused economic or moral damage, with compensation being regulated through the different existing privacy regulations. The channels for consumers and end-users to express their concerns regarding privacy of information are regulated internally in the governance model, through the customer service channels for exercising business rights, and through the mailboxes and contact points of the Data Protection Officers (both contact points are included in the privacy notices of each area, and constitute a legal requirement).

In addition, the Company considers supply quality and universal access to energy to be a particularly important matter in relation to its customers. Having a quality assessment system and implementing rigorous internal and external processes makes it possible to achieve the objectives related to this continuous improvement. In addition, all distribution companies have regulatory incentives or penalties tied to improving supply quality, with incident management procedures in place in accordance with the regulations. For example, in Spain, the MO. 02.P1.03 procedure is followed in accordance with current regulations.

The Company monitors the quality of service provided in the various countries, which is measured based on the frequency and duration of supply interruptions. However, the indicators in each country are performed according to different standards, following the respective regulatory requirements. Metrics related to this aspect can be found in the "Entity specific indicators" section.

The processes used by the Group to communicate with customers enable them to communicate their concerns or complaints.

- In Spain, there are various contact channels in accordance with the ISO 10002 and ISO 9001 certifications for complaints management and the continuous improvement of its processes. The ISO 10002 standard provides a series of guidelines that an organisation must follow to implement a Complaints and Grievance Management System. This standard incorporates a PDCA cycle in its development and provides guidance on the planning, design, operation, maintenance and improvement of the complaints and grievance management process.
- In the United States, third-party providers are used to ensure the availability and support of their channels, including the development and support of systems, management of customer service centres, and provision of resources and staff. They also ensure that consumers are informed about procedures for filing complaints or disputes by including detailed information on bills and termination notices, both of which are state regulations.
- In the UK, the *Pulse* survey is used to collect customer feedback and assess customer confidence in these channels. In addition, the Company works with organisations such as Citizens Advice, Extra Help Unit, Energy UK and the Energy Ombudsman to provide additional support and protection for consumers.
- In Brazil, there are teams trained to solve problems efficiently, maintaining a standard of quality in all customer service processes, and allowing the customer to give their opinion at the end of the process.

The total number of complaints received by the Networks Business (regulated market) in 2024 was 306,181. Average response time was 4.8 days.

The total number of complaints received by the Wholesale and Retail Business (deregulated market) was 438,148. The average response time was 12.5 days.

Awareness-raising campaigns are carried out through various communication channels such as social media, newsletters and community events to inform communities on how they can raise complaints or concerns. Group companies implement processes to ensure the availability of communication channels and therefore efficient access by customers.

In each of the countries where Group companies operate, there are procedures to classify, monitor and submit complaints, grievances and claims with a potential impact on human rights, which makes it easier to classify the reports received through the different channels and ensure that all cases are resolved.

The communication system protects the customer from retaliation when such structures are used, as these communications are made through internal reporting channels and can be made anonymously. The Company and the other Group companies undertake not to engage in any form of retaliation.

The trust that customers place in these channels is reflected in the positive results obtained in satisfaction surveys (included in [section S4-2](#)).

- **Disclosure Requirement [S4-4]: Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions**

Iberdrola Group companies adopt measures to prevent and mitigate negative impacts, and to ensure the effectiveness of the positive impacts of their operations on consumers and end-users. Stakeholder engagement to determine the actions described above is carried out through all of the engagement and customer service processes described in the disclosure requirements in [sections S4-2 and S4-3](#).

Security and supply quality

The Group invests in its transmission and distribution lines, with the objectives of extending service to new users, renewing and digitising facilities to improve the quality of service provided, and enabling renewable energies to be integrated on a large scale and at residential level, and the electrification of all sectors of the economy. This upgrade and improvement to the lines also includes vegetation management and infrastructure improvements to guarantee supply and quickly restore service in the event of interruptions. All of the above allows the impact of possible adverse events to be minimised, provides a more flexible response, and efficiently repairs the possible incident.

Vulnerable customers and universal access to energy

Measures for vulnerable customers are deployed in all Group companies, which have procedures in place to protect customers at risk of exclusion or in vulnerable situations in order to facilitate access to electricity for the most disadvantaged groups. These customers are able to extend the collection process deadlines and make payment conditions more flexible to prevent the electricity and/or gas supply from being suspended as a result of not paying their bill. This option is available for economically disadvantaged citizens or those who have been declared to be vulnerable for reasons of age, health, disability or other reasons. For example, in Spain and Portugal the subsidised tariff is offered, in the United Kingdom the *Warm Home Discount* programme is in place, and in Brazil a special differentiated tariff is offered to low-income customers, providing them with advantageous prices and special conditions. All these measures have a positive impact on consumers and end-users. These measures also include collaboration with initiatives that raise awareness of the risk of online scams and the protection of data privacy, leading to a reduction in the number of cases of data privacy breaches among end-users.

Initiatives to improve the access of vulnerable customers and communities to electricity

Country	Initiative
Spain	Subsidised Rate (Bono Social), agreements with the regional governments to avoid the suspension of service for vulnerable customers.
United Kingdom	Warm Home Discount
United States	Energy Assistance Programs
Brazil	Subsidised Electricity Rate (Tarifa Social de Energia Elétrica)

Iberdrola considers universal access to energy to be another priority area of action, and therefore continues to implement the global "*Electricity for All*" programme. This is in response to the international community's call for universal access to affordable, reliable and modern energy services. This programme aims to ensure access to electricity in emerging and developing countries, as well as for vulnerable people in developed countries. Through this initiative, in 2014 the company committed to providing access to electricity to 16 million people by 2030, especially those without access to distribution networks. This programme not only promotes access to energy, but also contributes to the protection of vulnerable customers, reducing the risk of energy exclusion. It also focuses on implementing sustainable electrification actions, for which the Company leverages its technical, logistical, organisational and financial capacity.

Further information on this objective can be found in [section S4-5](#) below.

Reduction of energy consumption

Electrification as a source of efficiency and emissions reduction is promoted in many areas, always for the benefit of the customer, security, competitiveness and sustainability of their supply. Some examples are *Smart Solar*, (distributed generation for self-consumption); *Smart Home*, (value-added services for household energy supply); *Smart Climate* (efficient solutions for home air conditioning), or *Smart Cities*, (electrification projects for cities, ports, etc.) and industrial electrification projects.

Cybersecurity, data protection and operational resilience

Cybersecurity and data protection are a priority for the Company, which has cybersecurity risk guidelines to foster a culture and strengthen the response to cyber-attacks. A global head of cybersecurity has been appointed to coordinate and supervise its deployment in the Group companies. His duties include the implementation of technical and organisational measures based on risk analysis, and collaboration with various entities to improve the cyber resilience of the energy sector. Awareness-raising and training campaigns are carried out on a regular basis.

All head of business companies conduct an annual review of the various emergency response plans. These reviews are aimed at ensuring the continuous improvement of the protocols and their effectiveness in the event of incidents. The purpose of these plans is to establish the general criteria of conduct and the necessary organisation to deal with any extraordinary situation in the electricity grid that affects or could seriously affect maintaining the electricity service, not only from the point of view of incidents in the grid, but also in cases that have a significant impact on the environment or customers due to supply disruption. These annual reviews ensure that the different plans are available and updated to current needs and are known by the organisation.

By way of example, the effectiveness of the emergency plans and their execution can be seen most notably in the exceptional response during the worst rainstorm of this century in Spain and the terrible humanitarian crisis it caused. With more than 180,000 people without electricity supply, i-DE mobilised more than 500 workers from all over Spain in the areas of Valencia affected by the storm and sent out 1 million sms/emails to communicate with customers, in particular vulnerable groups. Iberdrola's rapid response and the actions taken using all the resources at its disposal, including the installation of more than 120 generators, made it possible to recover approximately 90% of the affected electricity supply in just 48 hours, and in just over 72 hours it was able to recover the entire supply of the distribution network.

All these actions are global in nature and are implemented in the Company's main geographical areas, such as Spain, the United Kingdom, the United States and Brazil. Likewise, these actions are cyclical and continuous, with various analyses carried out on a monthly, half-yearly and annual basis, which enables the progress of the actions to be analysed and the main advances made towards achieving the objectives established in each of these actions.

Assessment of the effectiveness of actions is integrated into business management processes, and is reported to those responsible (*section S4-2*) and brought to the relevant governance bodies in the context of business management control.

Processes for determining actions and their effectiveness

Group companies have processes in place to determine which actions are necessary to respond to potential negative impacts, some of which are described below:

Operational Customer Experience, a forum within the UK Networks Business, is a weekly forum where key parts of the business come together. The purpose of this forum is to focus on the customer and customer processes, identifying any existing or potential negative impacts for customers. It tracks the implementation of these actions or improvements through to completion, measuring the impact of these changes on customers and their journey.

SPEN CHP (Complaints Handling Procedure): this procedure is available in the UK to deal with any incidents as they arise. Guarantees are in place to redress consumer and end-user incidents.

CMP (Central Maine Power) Restoration Plan: a US document that details the procedures and actions that the utility company Central Maine Power implements in the event of power outages. This plan is designed to restore electricity supply efficiently and safely after an outage, whether caused by adverse weather conditions, technical failures or other emergencies. In addition, there is a Unified Emergency Plan, which details the procedures and actions it implements in the event of gas supply emergencies.

Safe Community Programme: this programme aims to promote the commitment of all Neoenergia employees in relation to accidents in the community.

In addition, this assessment also analyses the need for broader collaborative actions in the sector in relation to negative impacts through a series of specific processes and plans in each of its main geographical areas:

- In Spain, reports are filed on a quarterly basis to the Spanish National Markets and Competition Committee (CNMC), which determines whether actions should be taken in the sector.
- In the UK, they are working with Ofgem to explore additional protections and measures to reduce the need for forced pre-payment meter installations.
- In Brazil, prevention and safe behaviour campaigns are carried out through the Brazilian Association of Electricity Distributors (ABRADEE). Commercial relationships are also used to manage incidents that are relatively important. Some examples of these relationships include seeking out business partners, as envisaged in the contracts, and applying contractual requirements to mitigate risks and ensure product/service conformity.
- In the United States, there are teams dedicated to building relationships with the communities where renewable energy businesses and grids are located.

No serious human rights issues or cases related to consumers and end-users were reported in 2024.

The resources allocated to managing actions aimed at customers and end-users are part of the Group's investments and operating costs, and therefore the accounting systems are not currently able to identify and differentiate such amounts. The resources allocated include the systems for managing customer service matters, complaint and grievance resolution, personal data protection, access to energy, health and safety protection, and any other measures implemented at the facilities to prevent, mitigate or remedy potential impacts.


3. Metrics and targets

- **Disclosure Requirement [S4-5]: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**

As outlined in disclosure requirement MDR-T, the Company has set the following targets related to sustainability issues identified in the assessment of impacts, risks and opportunities:

Target: Cybersecurity assessments

Boosting electricity as a clean, autonomous, local, stable, safe and competitive source of energy

	2024	2025	2026	2030
 Cybersecurity assessments Number of annual assessments or external verifications	3,224	2,000	2,000	2,000

The Company sets a voluntary *cybersecurity assessments* target of reaching 2,000 annual cybersecurity assessments by 2030, and by 2025 and 2026, respectively.

This target aims to reduce the risks associated with cybersecurity in a comprehensive manner in accordance with the [General Risk Control and Management Foundations](#), which establishes the basic principles of conduct to cover a comprehensive security strategy for the Group and ensure a reasonable level of risk. These include the cybersecurity guidelines to ensure that the cyber assets of the Group companies have an adequate level of cybersecurity and cyber-resilience and to apply the most advanced standards in those that support the operation of critical cyber-infrastructures, strengthen the capabilities for prevention, detection, reaction, analysis, recovery, response, investigation and coordination in the face of terrorist and criminal activities in cyberspace, and protect information on the critical cyber-infrastructures and cybersecurity systems of the Group companies.

To set this target, the key issues for the Company and its stakeholders, identified in the double materiality assessment, have been used as a starting point. The milestones have been established based on the overall digitisation plans, and their calculation takes into account the total number of security analysis and assessment activities that have been carried out annually.

Target: Quality of supply

Working to ensure a sustainable value chain

	2024	2025	2026	2030
 Quality of supply Reduce the Global SAIDI ⁽¹⁾	-12.3%	-10%	-11%	-16%

(1) Reduce the Global SAIDI vs 2019-21 period average.

The Company sets the voluntary *quality of supply* target, which indicates that the SAIDI (*System Average Interruption Duration Index*) will have been reduced by 16% by 2030 compared to the average for the 2019-2021 period, with interim milestones of 10% and 11% in 2025 and 2026, respectively. The reference period is three years to avoid possible inconsistencies due to climate variability.

In the context of energy transition, electricity grids are an agent of change and essential for the electrification of the economy, ensuring the guarantee and quality of supply, and maximising the integration of distributed generation to consumers.

This target is therefore aligned with the third book of Iberdrola's *Governance and Sustainability System* regarding the environment and climate action and its policies, and specifically responds directly to the objectives set out in the *Sustainable Management Policy*, the *Environmental Policy*, and the *Climate Action Policy*. It is also aligned with the *Quality Policy* and *Innovation Policy* within the *Sustainable Value Chain Policies*, of the *Governance and Sustainability System*.

The key issues for the Company and its stakeholders, identified in the materiality analysis, were used as a starting point for determining all sustainability targets.

The target regarding quality of supply is integrated, along with others, into Iberdrola's Climate Action Plan, with which the Company is leading the energy transition.

The calculation methodology used is the weighted sum of the local outage time indicators in minutes, weighted by the number of customers. This is a global target that is related to the local indicators in each concession area, which are aligned with the definitions and standards of the regulators in each country/state.

Target: Smart Solutions portfolio

Working to ensure a sustainable value chain

	2024	2025	2026	2030
 Smart solutions portfolio Million solutions	16	18	19	21

The Company sets a voluntary *Smart Solutions portfolio* target, which aims to reach 21 million *Smart solutions* by 2030, with interim milestones of 18 and 19 million in 2025 and 2026, respectively.

The Company applies digitisation to improve the accessibility of consumer data as a tool for developing products and services through which the customer can minimise its environmental impacts and increase the efficiency of its operations. It is therefore able to set a target for the Smart Solutions Portfolio offered to its customers, with the development of these types of products.

This target is therefore in line with the [Innovation Policy](#) and the [General Sustainable Development Policy](#) and compliance with its main principles of conduct, especially those related to developing projects to ensure universal energy services based on environmentally sustainable, economically viable and socially inclusive models, and to provide information to customers in each country and territory in which it markets its products and services to enable them to use energy more rationally, efficiently and safely.

This target is calculated as the sum of the following two objectives:

1. Products and services - Smart Solutions (not including smart meters UK): Smart Solutions portfolio, measured in number of services, and
2. Smart meters deployed: Smart meters in operation.

The target therefore sets milestones for increasing the sale of Smart solutions up to 2030 based on business operations forecasts.

All of the sustainability targets were determined based on the key issues for Iberdrola and its stakeholders identified in the materiality analysis.

Target: Customer accessibility solutions

Working to ensure a sustainable value chain

	2024	2025	2026	2030
 Customer accessibility solution⁽¹⁾ Number of solutions	50	62	63	63

(1) Including Neoenergia solutions from 2023 onwards.

The Company sets a voluntary *customer accessibility solutions* target, which aims to reach 63 accessible customer solutions by 2030, with intermediate milestones of 62 and 63 in 2025 and 2026, respectively. These solutions focus on removing cultural and language barriers, developing smart energy products/solutions that facilitate customer electrification, promoting equal opportunities and facilitating access to electricity for vulnerable customers.

This target promotes inclusive and sustainable access to energy, mainly in the countries where it has the largest commercial presence, which are Spain, Portugal, the United Kingdom and Brazil. It involves solutions around the following pillars:

- Elimination of cultural and language barriers.
- Smart energy products/solutions facilitators of customer electrification.
- Equal opportunities.
- Access to electricity for vulnerable customers.

These four pillars are in line with the [Innovation Policy](#) and the [Quality Policy](#) and the fulfilment of their main basic principles of conduct already mentioned.

The key issues for the Company and its stakeholders identified in Iberdrola's materiality analysis were used as a starting point to set this target. The Iberdrola Group has developed its own model for relations with its stakeholders, the main objective of which is to provide specific responses to their legitimate needs and expectations. The model is used as an input when setting the Company's targets, as it allows the views and interests of affected stakeholders to be identified and understood, and is implemented at all Group companies, businesses, and main facilities through a shared digital application, and allows for ongoing dialogue with affected and potentially affected groups

Target: Digital customers

Working to ensure a sustainable value chain



The Company sets a voluntary *digital customers* target of 80% of commercial customers by 2030, with interim milestones of 75% and 76% in 2025 and 2026, respectively.

This goal promotes the positive consequences of digitalisation for commercial customers and end users in Spain, the United Kingdom, Brazil and the countries covered by the International Customer Division, in line with the [Innovation Policy](#) and the [General Policy for Sustainable Development](#) and the aforementioned basic principles of conduct.

To set this target, the key issues for the Company and its stakeholders, identified in the double materiality assessment, have been used as a starting point. The milestones have been established based on the overall digitisation plans, and their calculation takes into account the electricity and gas contracts associated with customers registered on digital channels, and is expressed based on the ratio with respect to the total number of contracts (electricity and gas).

Entity specific indicators

Supply quality

The Company monitors the quality of service provided in the various countries, which is measured based on the frequency and duration of supply interruptions. However, the indicators in each country are performed according to different standards, following the respective regulatory requirements.

Indicators used to measure the frequency of interruptions in supply

Indicators of frequency of interruptions

Country	Indicator	2024	2023
Spain ⁶⁰	NIEPI	<0,7	< 0,7
United Kingdom	CI	29.8	33.4
United States	SAIFI	1.3	1.2
Brazil	FEC	4.0	4.6

- NIEPI: Installed Capacity Equivalent Interrupt Number at medium voltage. (*Número de interrupciones equivalente de la potencia instalada en media tensión, NIEPI*)
- CI: Customer Interruptions per 100 connected customers (*CI*).
- SAIFI: System Average Interruptions Frequency Index per customer (*SAIFI*).
- FEC: Equivalent Duration of Interruption per Consumer Unit (*Frequência Equivalente de Interrupção por Unidade Consumidora, FEC*).

The indicators and the average durations of electrical outages for 2024 are given below.

⁶⁰ Quality data for Spain (NIEPI and TIEPI) include commercially sensitive information.

Indicators of average duration of interruptions

País	Indicador	2024	2023
Spain ⁶¹	TIEPI	< 34 min	< 36 min
United Kingdom	CML	28.5 min	30.2 min
United States	CAIDI	1.9 h	1.8 h
United States	SAIDI	2.4 h	2.2 h
Brazil	DEC	9.2 h	9.7 h

- TIEPI: Installed Capacity Equivalent Interrupt Time (Tiempo de interrupción equivalente de la potencia instalada, at medium voltage, TIEPI).
- CML: Customer Minutes Lost per connected customer (CML).
- CAIDI: *Customer Average Interruption Duration Index* (CAIDI).
- SAIDI: *System Average Interruption Duration Index* (SAIDI).
- DEC: Duration of Interruption per Consumer Unit (*Duração equivalente de interrupção por unidade consumidora, DEC*).

The percentage of the electricity⁶² served through the Group's smart grids is close to 100% in Spain, above 71.8% in the United States and 66.2% in the United Kingdom.

⁶¹ Quality data for Spain (NIEPI and TIEPI) include commercially sensitive information.

⁶² In the case of Spain and the United States, the data has been reported by the Networks Business; in the case of the United Kingdom, the data has been reported by the Wholesale and Retail Business.

Average retail electricity rate in regulated markets (local currency/kWh)⁶³

Country	Use	2024	Unidad
United States	Residential	0.24	\$/KWh
United States	Industrial	0.16	\$/KWh
United States	Commercial	0.19	\$/KWh
Brazil	Residential	0.70	R\$/KWh
Brazil	Industrial	0.76	R\$/KWh
Brazil	Commercial	0.80	R\$/KWh

Average retail electricity rate for residential customers in regulated markets (local currency)

Country	Use	2024	Unidad
United States	500 kW/h	123.6	\$
United States	1,000 kW/h	228.4	\$
Brazil	500 kW/h	131.0	R\$
Brazil	1,000 kW/h	710.8	R\$

A total of 1,716,429 residential electricity customers were disconnected as a result of not paying their bill in 2024.

The percentage of disconnections⁶⁴ restored to residential customers within 30 days of the cut-off date was 97 in Spain, 78 in the US, 100% in Brazil and 100% in Portugal.

Incidents stemming from non-compliance with regulations or voluntary codes regarding health and safety (No.)

Impacts	2024	2023
Resulting in a fine	39	66
Resulting in a warning	1	1
Relating to voluntary codes	0	0
Total incidents	40	67

The following table lists incidents in terms of impacts of products and services on the health and safety of customers, the result of which led 2024 to 39 fines, all in the United States, due primarily to alleged violations of federal safety regulations for facilities. A non-monetary penalty was also imposed.

⁶³ Does not include other markets as they are liberalised markets (Spain, United Kingdom, Mexico and IEI).

⁶⁴ There were no disconnections as a result of non-payment in the United Kingdom.

Security personnel trained in human rights

Own workforce	2024	2023
Own personnel (No.)	254	275
Own personnel trained in human rights (No.)	213	235
Own personnel trained in human rights (%)	83.9	85.5
Subcontracted personnel (No.)	1,207	1,184
Subcontracted personnel trained in human rights (No.)	924	867
Subcontracted personnel trained in human rights (%)	76.6	73.2

IV. Governance information

- ESRS G1 Business conduct

[ESRS G1] Business conduct

1. Governance

- **Disclosure Requirement [GOV-1]: The role of the administrative, management and supervisory bodies**

Iberdrola's Governance and Sustainability System is a defining feature of the Company's comprehensive and institutional nature. The disclosure requirement in *section GOV-1 of ESRS 2* describes its characteristics.

The *Code of Ethics* was drafted taking into account the governance recommendations widely acknowledged in international markets. It also complies with the prevention obligations imposed within the scope of criminal liability of legal persons. It includes the commitment made by Iberdrola, S.A. to the principles of business ethics and transparency in all areas of activity, establishing a set of principles and guidelines for conduct intended to ensure ethical and responsible behaviour by all directors, professionals and suppliers of the Iberdrola Group companies.

The code therefore applies to all directors, professionals and suppliers of the Iberdrola Group companies, and to investees that are not part of Iberdrola, S.A. but over which the Company has effective control, within the legally established limits, regardless of their hierarchical level, geographical location or functional reporting, and the Group company.

The Sustainable Development Committee of the Board of Directors oversees the Company's conduct in sustainability, corporate reputation, corporate governance, and compliance matters. The Chief Compliance Officer, the Innovation, Sustainability and Quality Officer, and the Sustainability Officer appear before this Committee on a regular basis. The officers responsible for the various areas are specifically invited to take part in meetings in which matters of their competence are discussed.

The Compliance System of the Group companies is structured around: (i) certain regulations approved by the Board of Directors of Iberdrola, S.A., which form part of the *Governance and Sustainability System*; and (ii) supplementary regulations developed and approved by the Compliance Unit, pursuant to the powers granted by the *Regulations of the Compliance Unit*, which prepares and approves supplementary regulations that are also binding for all of the group's employees.

The experience of the administrative, management and supervisory bodies on sustainability issues, including business conduct, is described in the disclosure requirement under *GOV-1 in ESRS 2*.

2. Impact, risk and opportunity management

■ Disclosure Requirement [IRO-1]: Description of the processes to identify and assess material impacts, risks and opportunities

The Company has assessed the material impacts, risks and opportunities related to business conduct by applying the double materiality assessment process described in section [IRO-1 in ESRS 2](#).

This assessment resulted in the identification of material issues related to corporate culture, stakeholder engagement and activities, supplier relationship management, including payment practices, corruption and bribery.

Positive impacts:

- Positive influence on national emission reduction policies and targets resulting from public positioning of society and institutional activities.
- Acquisition of expert knowledge on suppliers through forums, events or platforms created by the company.

Negative impacts:

- Loss of trust, public outrage and mismanagement of public assets due to corruption.

No material risks and opportunities have been identified.

■ Disclosure Requirement [G1-1]: Business conduct policies and corporate culture

Iberdrola, S.A. strives for its conduct and that of the people related thereto to comply with and conform not only to current law and its [Governance and Sustainability System](#), but also to generally accepted ethical and sustainable development principles. The [Purpose and Values of the Iberdrola Group](#) contain the raison d'être and the ideological and axiological basis of the business enterprise of the Iberdrola Group's companies and governs their everyday activity.

The Board of Directors of Iberdrola, S.A. (the "Company"), as the body responsible for the design, assessment and ongoing review of the [Governance and Sustainability System](#), approves, among others, the following regulations:

- [Code of Ethics](#)
- [Compliance and Internal Reporting and Whistleblower Protection System Policy](#)
- [Anti-Corruption and Anti-Fraud Policy](#)

Anti-Corruption and Anti-Fraud Policy:

The purpose of this *Policy* is to send the shareholders, members of the governing bodies and professionals of the Company and other Group companies, and to related third parties, a resounding message of opposition to fraud and corruption in all its statements and to demonstrate the willingness of the Group companies to fight fraud and corruption in their activities.

Iberdrola's *Anti-Corruption and Anti-Fraud Policy* establishes the following main principles of conduct, among others:

- Not to tolerate, permit or engage in any behaviour constituting corruption in any form, including extortion and bribery, in the performance of business or professional activity, either in dealings with the public sector or in the private sphere.
- Promote a preventive culture based on the principle of "zero tolerance" for business corruption and bribery, and for the commission of other acts constituting any form of fraud. This principle of "zero tolerance" for corruption in business dealings, bribery, and any form of fraud is absolute and takes precedence over obtaining of any possible type of benefit (whether financial or otherwise) for the Company and for the other Group companies, and their directors, professionals and suppliers, when based on an irregular, unlawful, or illegal business or transaction or contrary to law or to the *Governance and Sustainability System* and, in particular, the *Code of Ethics* of the Iberdrola Group.
- Adopt the appropriate measures to ensure that relations between the professionals of the Group companies with any public administration, authorities, civil servants and other persons involved in the exercise of public duties, as well as with political parties and similar entities, are governed, in all cases, by the principles of cooperation, transparency and honesty.

Compliance system

The Company has set up its own effective, autonomous, independent and robust Compliance System to prevent, manage and mitigate the risk of improper conduct and acts that are illegal or contrary to law or the *Governance and Sustainability System* that may be committed within the organisation, to investigate improper conduct promptly, independently and objectively, and to ensure that its conduct complies with ethical principles, the law and internal regulations.

The Company's Compliance Unit and the compliance units of the country subholding companies and of the head of business companies, which are configured in accordance with the highest standards of independence and transparency, and each of which has at least one member not related to any of the Group companies, have the necessary autonomy and capacity for initiative and control and have the appropriate material and human resources to perform their duties.

One of the basic elements of the Compliance System is the detection or monitoring mechanisms that allow the effectiveness of the controls and prevention activities carried out at the group to be verified. These mechanisms include the internal reporting channels, which are tools that can be used to submit queries or report conduct that may involve the commission of any improper conduct or any act contrary to law or the rules.

The Company has internal reporting channels in place that allow shareholders, directors, professionals, suppliers and other third parties, as determined by law, to report any improper conduct or potential unlawful acts or acts contrary to law or to the *Governance and Sustainability System* with an impact on the Company, its contractual relationship with its suppliers, or the interests and image of the Company. Specific training programmes are implemented to inform about the reporting system and its operation, as well as the procedure to manage complaints and reports received through this channel and whistleblower protection and support measures.

Reports can be filed through the corresponding form available on the Company's [corporate website](#), or by any other means established by the Company, all without prejudice to the fact that they may send their grievances or reports to the Independent Whistleblower Protection Authority (*Autoridad Independiente de Protección del Informante*) or to any other competent institution, body or entity.

Communications through internal reporting channels can be made anonymously. Monitoring mechanisms include reporting to external or internal stakeholders, where appropriate.

As provided by law, the Company and the other Group companies undertake not to take (and to ensure that their professionals do not take) any form of direct or indirect retaliation.

Communication and training related to anti-corruption rules

Training and communication are two fundamental pillars of the Compliance System. In this context, the compliance units plan their annual training and communication activities in cooperation with the corresponding People and Organisation and Communication divisions.

Training is one of the fundamental pillars of the compliance function and of all professionals' knowledge of and compliance with the *Code of Ethics*.

The training strategy is based on global training initiatives for the professionals of the Group companies on compliance issues of a general nature and applicable to the majority of the workforce, and additionally develops specific training plans aimed at certain groups of professionals in relation to which specific compliance risks have been identified. The *Global Compliance Training Plan* therefore includes training activities specifically adapted to:

- Directors
- New hires
- Directors, managers and team leaders
- Personnel in key risk mitigation positions
- Other employees

The Unit and the compliance units therefore use different training formats such as online courses, telematic courses, videos, face-to-face training sessions given by external professionals or by those responsible for the compliance function.

Communication

Dissemination and communication of ethical principles is another essential element of the Compliance System of the Group companies.

There is a Communication Plan approved by the Compliance Unit, which establishes the following objectives:

- Ensure that employees understand the value that compliance actions brings to them on a personal level.
- Raise awareness among professionals regarding the most relevant risks associated with their professional activity and the regulations or recommendations to minimise these risks.
- Promote the participation of professionals in compliance activities when required.
- Encourage the involvement of executives and middle management in the transmission of the compliance culture to their teams.

For communication activities, the different tools and channels available have been used, selecting those most effective depending on the particular characteristics of each case. The support, collaboration and advice of the Communications Department was available at all times.

In addition, the Board members receive training on various subjects, including corruption risks, within the framework of the Training and Information Programme of the Board of Directors and its committees. This information is detailed in *section GOV-1 of ESRS 2*.

■ **Disclosure Requirement [G1-2]: Management of relationships with suppliers**

The Company has the responsibility and the capacity to support its suppliers in improving their environmental, ethical and social performance through actions that promote excellence in their sustainability management.

During the purchasing process, a risk assessment of suppliers is carried out, as provided for in the [Purchasing Policy](#), analysing credit risk, fraud risk, cybersecurity risk, sustainability risk, operational risk, human resources risk and tax risk.

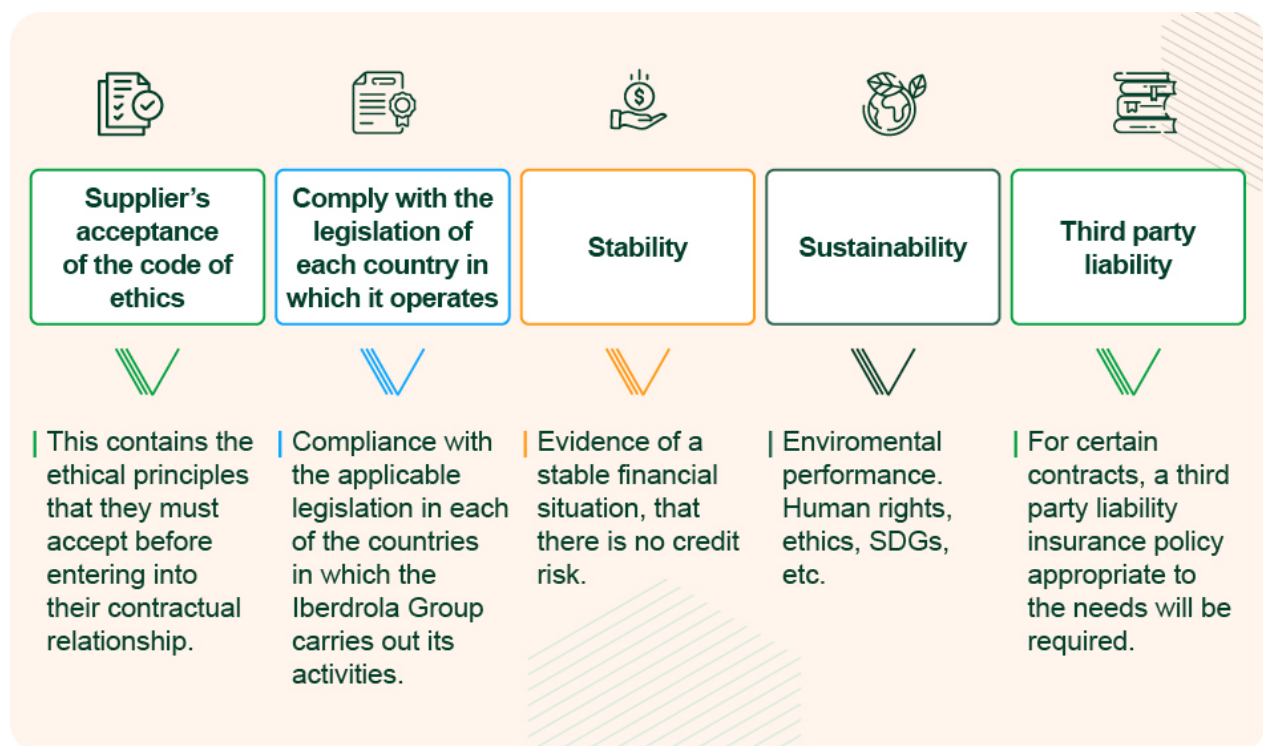
The [Purchasing Policy](#) establishes the global framework for controlling and managing the risks resulting from purchasing materials and equipment and contracting work and services, with particular emphasis on compliance with the ethical commitments of suppliers. The policy is based on the following basic principles:

- Promote a strong risk culture and the development of a corporate culture of ethics and honesty throughout the organisation, underpinning the professional and ethically responsible behaviour of all staff, through the rigorous application of the [Code of Ethics](#).
- Establish in a coordinated manner the criteria and controls related to purchasing activities for the benefit of the Group companies, ensuring full respect for the corporate organisation derived from the [Governance and Sustainability System](#).
- Implement the necessary mechanisms to ensure that purchasing decisions guarantee in all cases a balance between technical suitability, quality and price, as well as the qualification and quality of the supplier as a basic condition for the contribution of value.
- Establish supplier selection processes that comply with criteria of objectivity, impartiality and equal opportunities, ensuring at all times the professionalism of its human team and loyalty to the Group companies and its shareholders, regardless of its own or third parties' interests.
- Promote strict compliance by suppliers with contractual terms and applicable regulations, paying special attention to respect for the environment and the principles set out in the [Policy on Respect for Human Rights](#), with a favourable assessment of compliance with that set out regarding work-life balance and equal opportunities in the [Equal Opportunity and Anti-Harassment Policy](#), and the principles of conduct established in the [Code of Ethics](#) specifically applicable to suppliers of Group companies.
- Promote a supplier engagement policy based on the principles of business ethics and transparency, seeking continuous improvement and mutual benefit, and promoting innovation and development activities.
- Promote the motivation and active participation of professionals, as well as the necessary training for the performance of their duties and their development.
- Promote sustained, inclusive and sustainable economic growth, productive employment and decent work for all professionals in the value chain of the Group companies.

Supplier registration, classification and screening

Group companies verify that the conduct of their suppliers is in line with their policies and principles. The efficient management of these verification processes has become a vital element for continuous improvement in the responsible management of the supply chain.

The requirements for classifying suppliers are:



In addition, Iberdrola has developed and implemented supplier classification and screening processes that are deployed during supplier registration and in the purchasing process.

The fundamental objective is to identify at all times those suppliers that are potentially critical on the basis of the different risk criteria established in the [Purchasing Policy](#). On the one hand, the relevance of the supplier's activity in economic terms is considered and, on the other, the level of potential risk, when this exceeds the established thresholds. These processes identify suppliers with potential risk in terms of fraud and corruption, cybersecurity and the supplier's sustainability profile. In particular, the established criteria consider the potential negative impact of poor sustainability performance (environmental, social and governance and ethics), taking into account specific factors such as: country of the supplier or origin of the equipment and materials supplied, sector, specific risk associated with the equipment or product supplied, main raw material or service provided, link with possible controversies related to inadequate sustainability performance, and in particular in social, labour or other aspects related to human rights. In short, the supplier classification and screening processes constitute, among others, the initial step to identify those suppliers to carry out the corresponding evaluations.

In addition, suppliers with potential risk are also considered to be those which, as a result of a complaint received through the internal information system (complaints channel) or any other means, are subject to analysis by the various Compliance units of the Group.

The following table shows the number of suppliers identified as potentially critical in the last three years:

Supplier classification and screening	2024
Total number of Tier 1 suppliers	18,769
Total number of potentially critical suppliers in Tier 1 ⁶⁵	1,597
% of expenditure with potentially critical suppliers in Tier 1	92.8

The risk assessment of potentially critical suppliers of equipment and materials, works and services of the Iberdrola Group, among others, is carried out mainly through the *GoSupply* and *DowJones* platforms.

Fuel purchasing is also subject to the provisions of the Company's [Governance and Sustainability System](#), which aims to promote socially responsible conduct, respect for the environment, and prevent occupational risks in suppliers. The main fuel suppliers are analysed based on economic and logistical, environmental and social criteria. The other aspects assessed are: the existence of an environmental policy, information on CO₂ emissions, initiatives to reduce emissions, energy efficiency, biodiversity conservation, health and safety at work, equal opportunities, human rights and ethical behaviour (anti-bribery and anti-corruption practices).

⁶⁵ Taking into account that a Tier 1 supplier is any supplier awarded an order during the financial year.

Supplier Sustainability Evaluation Model

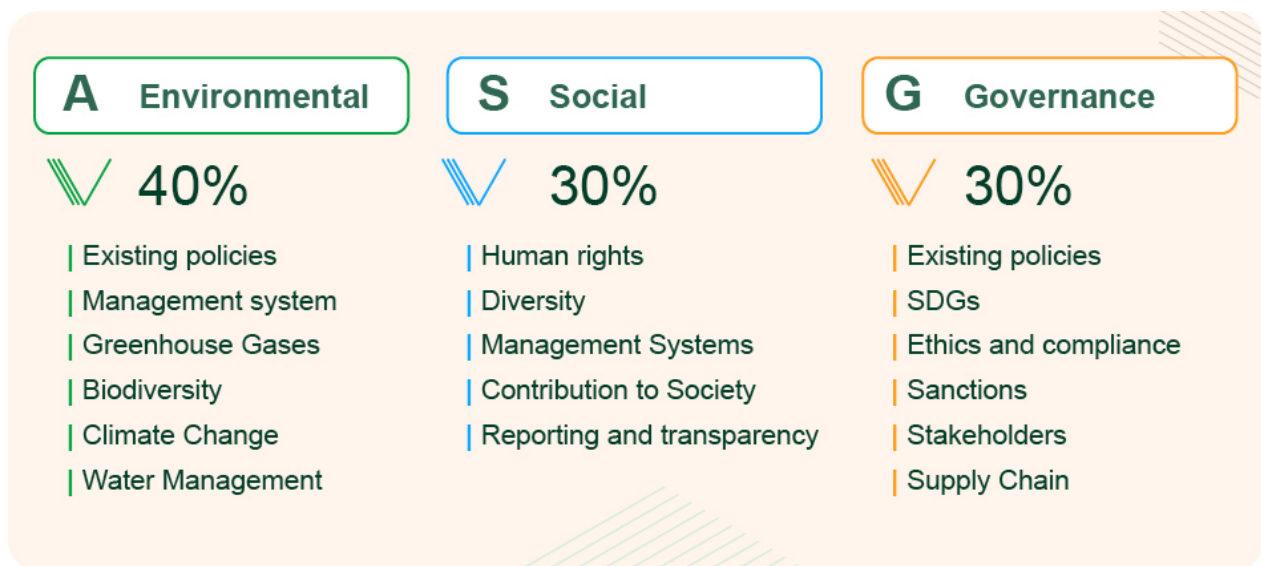
Iberdrola implemented in 2019 and consolidated in 2022 the use of a global supplier sustainability evaluation model, which is in line with the international reality of the Group.

The Company requires sustainable, transparent, fair and ethical suppliers. Once these potentially critical suppliers have been identified through the classification and *screening* processes based on the different risk criteria established in the *Purchasing Policy*, they are evaluated during the purchasing process to determine whether their *modus operandi* is in line with the Company's policies, principles and responsibilities.

When a supplier has not been previously evaluated, and is invited to participate in a tender with an estimated value above a certain amount, or if it has been detected, through the classification and *screening* processes, that the supplier has a higher potential risk level than normal, it will be automatically invited to register on the *GoSupply* platform, in the 360° level mode, in order to evaluate the supplier's complete risk profile. For tenders of lower amounts, or where no potential risk is considered to exist, participating suppliers will also be assessed through *GoSupply* in the *Basic* mode.

The evaluation of a supplier measures the supplier's performance in highly significant attributes: identification of objectives linked to sustainable development issues, management of climate change risk, circular economy strategy, human rights due diligence, compliance, good governance and business ethics, etc.

The supplier must provide supporting evidence and documentation for its statements and performance. The following information is assessed as part of the three dimensions analysed:



After the analysis, the suppliers are rated at two levels: “adequate” (sustainable) if their score exceeds 51 of 100 points (and at least 30% of the points on each of the three pillars), and “inadequate” (not sustainable) otherwise.

In 2021, a protocol for conducting social and sustainability audits was developed, and in 2022 a first plan for sustainability audits of key suppliers was specifically launched, which continues to this day. These social and sustainability audits of key suppliers aim to verify compliance with the Company's sustainability criteria through verification by an independent third party at the suppliers' own manufacturing facilities in their countries of origin.

In addition, the Compliance Units of the head of business companies monitor all suppliers for fraud and corruption on an ongoing basis and analyse those suppliers that are considered to be high risk as a result of a complaint received through the internal reporting system (whistleblower channel) or otherwise.

Based on these assessments, sustainability improvement plans are proposed to certain suppliers to improve their performance. For other suppliers, remediation plans with specific commitments are requested in cases where there has been some type of non-compliance that can be remedied. Finally, in other specific cases, disciplinary measures, penalties and even termination of the contractual relationship may be applied.

Supplier Sustainability Evaluation Model

In 2024, the targets related to the volume of purchases from main suppliers evaluated as “sustainable” have been met. At year-end 2024, more than 87.9% of the main suppliers that were awarded contracts in the year already met the established criteria and are subject to sustainable development policies and standards.

In addition, in 2024 more than EUR 17,000 million was allocated to suppliers evaluated on the basis of this sustainability model. This amount represents 96% of the total amount awarded to the different suppliers that make up the Iberdrola Group's supply chain. Of this amount, around EUR 16,500 million (93% of the total amount awarded) went to suppliers that exceeded the above sustainability level, exceeding the target set for the year for purchasing from sustainable suppliers.

The target of establishing and monitoring improvement plans for those suppliers that did not meet the minimum required level was also met in 2024. During the year, 141 proposals for sustainability improvement plans were ultimately sent to key suppliers. In the 2020-2024 period, a total of 1,223 key suppliers received a proposal for an improvement plan and 66% of them achieved the required sustainability level after implementing improvement actions.

Not only is the supplier motivated by this model to improve its profile by taking actions that promote excellence in business management, but the Purchasing Division team is also incentivised through quantifiable objectives to choose those companies showing good performance in sustainability or making a commitment to improve.

The following table shows the quantitative data of the suppliers identified as potentially critical in the classification and screening processes, the suppliers evaluated and those identified as requiring action plans:

Supplier assessment	2024
Total number of suppliers classified as potentially critical	1,597
Total number of suppliers classified as potentially critical and assessed through GoSupply, through other assessment processes or “in situ” audits	1,524
% of suppliers assessed and classified as potentially critical	95.43%
Suppliers assessed as requiring a sustainability improvement plan	141
Suppliers assessed as requiring corrective or mitigating actions	147

Following the assessment processes, and out of a total of 288 suppliers identified as having potential or actual impacts that required an improvement plan or corrective action plan to mitigate the level of sustainability risk, 147 suppliers stand out where the level of risk has been identified as critical and could have an impact.

For the latter group of suppliers, 100% of the cases were managed in accordance with the *Guide on Supplier Conduct and Sanctions* in the event of potential *Code of Ethics* violations, the *Compliance and Internal Reporting and Whistleblower Protection System Policy*. These corrective actions have the dual function of establishing measures to mitigate and/or remedy identified violations of the *Code of Ethics* and to try to prevent their recurrence in the future. Finally, corrective actions involving penalties or contract termination were taken for a total of 20 of the 147 suppliers identified. Sanctions were imposed on 17 suppliers and it was decided to terminate the contractual relationship with 3 suppliers.

Suppliers assessed as having potential or actual impacts requiring corrective or mitigation action	2024
Suppliers with corrective or mitigation measures in place without sanctions and without contractual termination.	127
Suppliers assessed with potential or actual impact and with corrective mitigation measures in place and sanctioned.	17
Suppliers assessed with potential or actual impact and with corrective mitigation measures in place and whose contracts have been terminated.	3
Total	147

Supplier environmental assessment

The table below summarises the main mechanisms in place to align purchasing and supplier management with respect to the environment and sustainability:

Internal Procurement Mechanisms

Purchasing Policy	>>>	Sets out principles on the environment that suppliers must follow and sustainable and responsible management in the Iberdrola group's supply chain
Supplier Registration and Classification	>>>	Environmental certification weighted in the overall assessment of the supplier. Must accept Iberdrola's Environmental Policy
Bid Process	>>>	The environmental assessment of the supplier is included during the ITEO (offer evaluation) phase and in the PA (proposed award) for purposes of the contract
Annual Improvement Goals	>>>	Innovative aspect: annual improvement goals directly relating to improvement in sustainability of supplier established for the Purchasing team and linked to variable remuneration
Global Environmental System	>>>	The Procurement Division is part of Iberdrola's Global Environmental System Committee: monitoring of environmental guidelines, established goals and related indicators. Audits
Reporting	>>>	Contribution to Sustainability infographic and Annual Procurement and Supplier Management Report published on the corporate website

External Supplier Mechanisms

Code of Ethics	>>>	Includes environmental principles. Must be accepted by the Group's suppliers and is attached to orders and contracts
Specific T&Cs	>>>	Environmental clauses that suppliers must comply with during the term of the contract
Stimulus Campaigns	>>>	As a business driver, we proactively promote the environmental certification of the suppliers, supporting them in the search for excellence and generating a multiplier effect
Carbon Footprint Measurement	>>>	Regular supplier greenhouse gas
Sustainability Evaluation Model	>>>	Specific section to evaluate the supplier's performance in terms of compliance and respect for human rights.
Supplier of the Year Award	>>>	Environmental category: this promotes the environmental responsibility of suppliers and publicly recognises those who stand out in this area

At the end of 2024, the volume billed to the Iberdrola Group by suppliers with a documented or certified environmental management system represented 81.6% of the total volume billed (general suppliers).

Fuel purchasing is subject to the general principles of Iberdrola's social responsibility policies, which require that suppliers be encouraged to engage in conduct that is socially responsible, respectful of the environment and preventive of occupational risks. Fuel suppliers with a certified environmental management system represented 89.5% of those evaluated.

All major suppliers of general goods and equipment (both new and existing) and fuel are assessed in accordance with environmental and sustainability criteria.

No supplier with a significant negative environmental impact has been identified. Furthermore, the Group has no relevant suppliers located in water-stressed areas.

In 2024 no communication was received through the Company's ethical mailboxes resulting in the cancellation of any contract or order for reasons related to environmental practices.

Supplier social assessment

The table below summarises the main mechanisms in place to align procurement and supplier management with respect for human rights:

Internal Mechanisms		External Supplier Mechanisms	
Purchasing Policy	Promote strict compliance by suppliers with contractual terms and conditions..., with special attention on the principles established in the Policy on Respect for Human Rights.	Code of Ethics (Suppliers' Clause)	LABOUR PRACTICES: respect the protection of internationally recognised fundamental human and workers' rights within their sphere of influence (forced labour, child labour, etc.)
Supplier Registration and Classification	Acceptance of the Code of Ethics. Weighting of CSR, labour practices and respect for human rights	Specific T&Cs	Specific contract clauses relating to supplier social responsibility based on the UN Universal Declaration of Human Rights, the ILO Conventions and the principles of the Global Compact
Sanction List Screening	Blocking and remediation plan if a supplier has been sanctioned or there are indications of human rights violations in their activities	Stimulus Campaigns	As a business driver, suppliers are stimulated in areas of common interest as a vehicle to ensure reliable and responsible conduct throughout the supply chain
Annual Improvement Goals	Innovative aspect: annual improvement goals directly relating to supplier CSR improvement established for the Purchasing team and linked to variable remuneration	Modern Slavery Act (United Kingdom)	Classification protocols and audit of suppliers in accordance with contractual clauses in significant contracts
Sustainable Development Committee and Plan	The Purchasing Division is part of the group's Sustainable Development Committee: guidelines, established goals and related indicators	Sustainability Evaluation Model	Specific section to evaluate supplier performance in observing and respecting human rights
Transparency & Reporting	Purchasing indicator in at-risk countries Contribution to Sustainability infographic and Annual Purchasing and Supplier Management Report published on the corporate website	Supplier of the Year Award	Promoting supplier commitment and improvement and publicly recognising those whose performance stands out

The contracting terms of the Group for purchasing equipment, material, works and services, include specific supplier corporate social responsibility clauses based on the UN Universal Declaration of Human Rights, the conventions of the International Labour Organization, the principles of the Global Compact, and compliance with the *Code of Ethics*.

During the term of the contract, the supplier must allow the Company to verify the level of compliance with the principles set out in the contracts and if non-compliance is found and corrective plans are not adopted, the Company reserves the right to terminate the contracts.

All major suppliers of general goods and equipment and of fuel are assessed under this management approach and considering their material risks in relation to human rights and negative social impacts. These risks are mitigated and managed through the quality processes in place and the regular audits carried out by each business unit.

In 2024, total of 48 social and sustainability audits were conducted on key suppliers in the main geographical areas in which the Group operates, as well as in countries such as Germany, China, South Korea and the Philippines. These audits make it possible to verify “in situ” the good practices previously reported by the suppliers, the degree of implementation of the action plans and the opportunities for improvement identified, with minimal deviations. A new campaign of social and sustainability audits is planned for 2025.

As every year, the Iberdrola Group's human rights risk map was updated in 2024 with the support of independent experts. Unlike in previous years, the United States and Mexico have also been considered high-risk countries. Taking into account the countries of origin, the assessment of their potential risk of human rights violations, and the turnover of suppliers of goods and services from such countries, there may be a risk:

- in connection with the risk to freedom of association and collective bargaining, in 34.3% of the volume of purchases made in 2024.
- in connection with child labour, in 0.4% of the total volume of purchases made in 2024, and
- in connection with forced labour, in 1.6% of the total volume of purchases made.

Supplier payment procedures

See section [G1-6](#).

■ **Disclosure Requirement [G1-3]: Prevention and detection of corruption and bribery**

The Company has the necessary internal procedures, controls and tools in place to prevent, detect and address allegations or cases of fraud and corruption.

With a view to proactively ensuring the effective operation of the Compliance System of the Company and the Group companies, the Boards of Directors of the Company, the country subholding and head of business companies have set up compliance units within their respective companies, designed as collegiate compliance bodies with greater independence, autonomy and transparency.

The members of the Company's Compliance Unit, as well as those of the units of the country subholding companies and head of business companies, are appointed by their respective Boards of Directors, where applicable on the proposal of the relevant committee, in accordance with the following structure:

- The chairman: an external professional of recognised standing in the field of compliance.
- The secretary (not a member): external professional or professional from the Legal Services of the company concerned.
- The members, one of whom will be the compliance director of the company concerned. The other members may be, among others, the heads of different areas or functions related to compliance risk management.

The Company's Compliance Unit, represented by its director, appears and reports periodically before the Sustainable Development Committee of the Board of Directors in order to report on the activities, conduct, and incidents relating to the compliance function. The compliance units of the country subholding companies and head of business companies also periodically report to their management bodies or to their audit and compliance committees, as appropriate, regarding the most significant aspects of the activities carried out by the compliance function during the financial year.

In accordance with the internal rules, if a member of the Unit has a conflict of interest, they must abstain from intervening in the matter in question.

The regulations approved by the Company's Compliance Unit and available on the Employee Portal include the following:

- General Coordination, Collaboration and Information Protocol
- Protocol for Management of the Risk of Third-Party Fraud and Corruption
- Corporate Transactions Protocol
- Protocol for Conduct in Professional Relations with Government Administrations
- Protocol for Social Contributions, Donations and Sponsorships
- Competition Protocol
- Gifts and Hospitality Protocol
- Protocol for Internal Investigations and Internal Reporting System
- Action Protocol in the Event of Notification of Court and Administrative Sanctioning Procedures
- Risk Assessment Guide
- Third-Party Risk Assessment Guide
- Guide for conducting a background check prior to the assumption of management duties

Risk assessment

One of the main elements of the Compliance System is the existence of a process of regular and continuous identification and assessment of the compliance-related risks of each of the corporate functions and in the businesses of the Group.

Thus, in terms of risk assessments, two types of assessments are carried out, which include the risk of corruption:

1. To implement the *Compliance and Internal Reporting and Whistleblower Protection System Policy*, the Group companies, through the Compliance Unit, have implemented a specific and effective crime prevention programme (understood as a group of measures intended to prevent and mitigate the risk of committing potential crimes and to detect and react to any crimes committed).

Likewise, the other Group companies implement programmes to prevent similar crimes from being committed through their respective compliance units (or compliance bodies or functions), which have full responsibility and autonomy for their management.

To implement these Crime Prevention Programmes, there is a regular assessment of the risks of committing criminal acts that might ultimately be alleged against the various companies of the Group based on their activities, as well as an identification of existing controls and the establishment of new controls for their prevention.

2. The compliance units regularly update the compliance risk map following the guidelines established in the Compliance Risk Evaluation Guide established by the Compliance Unit, whereby this assessment includes identifying the likelihood of each risk occurring and its impact.

These risk maps are drawn up based on an inventory of homogeneous risks for the boundary of the Group using a common methodology, as shown in the table below:

Compliance Risks

Corruption and fraud	Data prevention
Money laundering and terrorist financing	Cybercrime
Sanctions	Business secrecy
Scams	Occupational risk prevention
Permits, licences and authorisations	Workers' rights
Fraud against public authorities and social security	Obstructing external monitoring
Punishable insolvencies	Harassment
Intellectual and industrial property	Discrimination
Smuggling	Safety at facilities, the environment and public health
Market abuse	Supply chain
Unfair trade practices	Consumer protection
Distortion of public information	

Each compliance unit analyses whether there are signs of these risks in their respective country subholding company and head of business company and in each of the corporate and business areas. With the information obtained, a compliance risk map is prepared for each entity, which is updated on a regular basis, identifying the main controls in the scope of the Group to mitigate such risks and, if necessary, proposing improvement actions to strengthen the effectiveness of these controls.

Although Iberdrola, S.A. and the other Spanish companies are not subject to Law 10/2010 on anti-money laundering and counter terrorist financing (the “Money Laundering Act”) and, therefore, this Act and the formal and administrative obligations imposed thereunder on certain groups do not apply to them, the risk of perpetration of money laundering offences is contemplated as part of the Crime Prevention Programme of such companies.

However, Iberdrola Inmobiliaria, S.A.U. is subject to the Money Laundering Act due to the nature of its activities, and therefore, in addition to the aforementioned preventive controls, this company has implemented additional specific controls primarily aimed at preventing this type of crime. By way of example, the company has approved rules like the Procedure to Prevent Money-Laundering and Terrorist Financing, Contract Approval Endorsements, the Leased Assets Billing Procedure and Payment Order Validation monitoring.

Training and communication procedures to guarantee compliance with the system are explained in [section G1-1](#).

Training for members of the administrative, management and supervisory bodies

[Section GOV-1 of chapter ESRS 2 and section G1-3](#) detail the training and information sessions held during the year for the Board of Directors, the Audit and Risk Committee, the Appointments Committee, the Remuneration Committee and the Sustainable Development Committee.

Information on the monitoring, communication and training processes for the prevention and detection of corruption and bribery, as well as their nature, scope and detail is detailed in [section G1-1](#).

Of the positions at risk in Iberdrola S.A., 100% are covered by training in the prevention and detection of corruption and bribery.

3. Metrics and targets

Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities

Target 1: Compliance system

Keeping our culture of ethics, transparency and good governance

	2024	2025	2026	2030
 Compliance system Obtain/maintain (yearly)	√	√	√	√

■ Disclosure Requirement [G1-4]: Confirmed incidents of corruption or bribery

Information regarding the existence of cases of corruption during the financial year

The Company has an *Anti-Corruption and Anti-Fraud Policy* in place, whereby the Compliance Unit, together with the compliance units of the country subholding companies and the head of business companies, evaluate at least annually the compliance and effectiveness of the programme to prevent the perpetration of crimes and assess the advisability of amending and periodically updating it, if circumstances so require, as well as disseminating the contents of the Policy and monitoring the application of the specific procedures to prevent any conduct that may be considered an act of corruption.

The Group has been found liable in 0 cases related to corruption and bribery, receiving fines of 0 euros.

One of the basic elements of the Compliance System are the detection or monitoring mechanisms allowing for verification of the effectiveness of the controls and prevention activities carried out at the Group. These mechanisms include the internal reporting channels, which are tools that can be used to submit queries or report conduct that may involve the commission of any improper conduct or any act contrary to law or the rules.

The Company has internal reporting channels in place that allow shareholders, directors, professionals, suppliers and other third parties, as determined by law, to report any improper conduct or potential unlawful acts or acts contrary to law or to the Governance and Sustainability System, with an impact on the Company, its contractual relationship with its suppliers, or the interests and image of the Company.

Reports can be filed through the corresponding form available on the Company's corporate website, or by any other means established by the Company, all without prejudice to the fact that they may send their grievances or reports to the Independent Whistleblower Protection Authority (*Autoridad Independiente de Protección del Informante*) or to any other competent institution, body or entity.

Communications through internal reporting channels may be made anonymously. As provided by law, the Company and the other Group companies undertake not to take (and to ensure that their professionals do not take) any form of direct or indirect retaliation.

During 2024, following internal investigations, the Group has not confirmed the existence of any cases of fraud and corruption reported through internal reporting channels and legal proceedings.

There have been no dismissals on these grounds.

In 2024, no communication was received through the Company's ethics mailboxes, or from any other source, which, after analysis, would have implied the cancellation of a contract or order on grounds related to corruption or bribery.

■ Disclosure Requirement [G1-5]: Political influence and lobbying activities.

Political influence activities

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.

The Company has a Protocol to formally regulate the participation of professionals and entities belonging to the Iberdrola Group in external bodies, the purpose of which is to establish a uniform mechanism to ensure that this participation is in line with the *Stakeholder Engagement Policy* and in accordance with the *Purpose and Values of the Iberdrola Group* and its *Code of Ethics*, which can be found on the [corporate website](#).

- Public policies

As part of the public consultation process, in 2024 the Company increased the level of detail in the report on the activities it carries out. A special section has therefore been created on Iberdrola's website to provide this information.

- Relations with regulatory entities and social institutions

The Iberdrola Group has two kinds of relationships with regulatory entities:

1. Relationships geared towards contributing to the enactment of efficient regulatory provisions allowing for the development of a competitive market in activities that are not subject to a natural monopoly, and sufficient remuneration for regulated businesses. To this end, there is a continuous and constructive dialogue in which information, knowledge and positions are exchanged. Iberdrola is therefore able to familiarise itself with the concerns and proposals of the regulators and provides them with its own positions in the legitimate defence of its interests and those of its shareholders and customers. Group companies also actively participate in the public consultations organised by the regulatory authorities to obtain the opinions of the stakeholders involved in the processes that precede the review of regulations or the definition of national and European energy policies. Furthermore, they participate in the official processes for developing regulations and monitoring their application.
2. Provision of all information required by regulatory entities, whether in connection with the normal conduct of its business or as a result of any transitory issue. In addition to its direct relationships with regulatory entities, Iberdrola and the companies in its group participate in the regulatory process through the various domestic and international trade associations of which they are members.

- Principal domestic and international associations

Each year, the Group carries out an analysis of the degree of alignment of the associations in which it participates with its position in favour of sustainable development, the respect and defence of human rights and the fight against climate change. The Group's professionals responsible for relations with each association carry out the alignment analysis, taking into account the extent to which the positions, objectives and activities of these organisations are consistent with the above-mentioned frameworks. Both the public information available on the associations and the knowledge acquired by Iberdrola through its participation in their committees and/or working groups are analysed, taking into account elements such as actual support for the achievement of a net zero emissions target in 2050, the deployment of renewable technologies at the pace required to achieve this reduction in emissions and the application of just transition principles during this process.

Based on this assessment, the positioning of the organisations is classified as aligned, neutral or not aligned with the Company's position in this area, and serves as a basis for deciding on Iberdrola's future participation therein. The latest analysis, carried out at the end of 2023, shows that 72% of the organisations in which Iberdrola participates are aligned. The remaining cases (28%) correspond to organisations whose alignment has been classified as neutral.

These calculations do not include the associations in which the Iberdrola Group's subsidiary in the United States, Avangrid, participates, due to legal restrictions. However, Avangrid's Code of Conduct and Business Ethics includes guidance on participation in political and civic activities, and the company has adopted its Political Education Protocol to assist employees in this area and to ensure that such activities are consistent with the company's stated policy and purpose.

Should the organisations not be fully in line with Iberdrola's position, the Company constantly assesses the appropriateness of its participation in them in order to defend its position and, consequently, its interests and those of its stakeholders. Iberdrola also works actively within these organisations to promote its defence of the Paris Agreement and the energy transition.



Some of the most important national and international associations in which Iberdrola is active are:

Principal associations - Global

World Energy Council	WindEurope - The voice of the wind energy industry
European Association for the Promotion of Cogeneration (COGEN Europa).	European Distribution System Operators (EDSO)
Solar Power Europe	Global Wind Energy Council (GWEC)
Union of the Electricity Industry EURELECTRIC	Nuclear Industry Association (NIA)
International Emissions Trading Association (IETA)	World Association of Nuclear Operators (WANO)
European Utilities Telecom Council-EUTC	PRIME Alliance (PowerLine Intelligent Metering Evolution)
European Technology and Innovation Platform on Wind Energy (ETIP Wind)	European Association for The Streamlining of Energy Exchange
European Round Table for Industry (ERT)	European Association for Storage of Energy (EASE)
European Cybersecurity Network (ENCS)	

Principal associations - Spain

Instituto Tecnológico de la Energía (ITE)	UNE Normalización Española
Asociación Española de Normalización (AENOR)	Asociación de Directivos de Responsabilidad Social Empresarial (DIRSE)
Fundación COTEC para la Innovación	Club Español de la Energía
AEDIVE - Asociación Empresarial para el Desarrollo e Impulso de la Movilidad Eléctrica	Asociación empresarial Eólica (AEE)
Asociación Española para la Promoción de la Cogeneración (COGEN)	Club de Excelencia en Sostenibilidad
Asociación Española del Hidrógeno	Asociación de fabricantes de equipos de climatización
Cogen España	EDSO for Smart Grids
Centro de ciberseguridad industrial	National Energy Action

Principal associations - United Kingdom

Scottish Fuel Poverty	Business Disability Forum
The Scottish Renewables Forum	Energy Institute
Offshore Wind Accelerator	Edinburgh Chamber of Commerce
Energy Networks Association	Confederation of British Industries (CBI)
Renewables UK	University of Strathclyde (Technology Innovation Centre)
The Scottish Offshore Wind Energy Council (SOWEC)	Offshore Renewable Energy Catapult
Energy UK - Energy Efficiency Group	Institute of Engineering & Technology

Principal associations - United States

Regional Wildlife Science Collaborative for Offshore Wind (RWSC)	Business Network for Offshore Wind
North Carolina Sustainable Energy Association (NCSEA)	Pacific Ocean Energy Trust
Alliance for Clean Energy - New York, Inc.	Clean Grid Alliance
American Clean Power Association - Offshore Wind Council	American Gas Association (AGA)
Mid-Atlantic Renewable Energy Coalition	Interwest Energy Alliance
RENEW Northeast	National Offshore Industries Association
Edison Electric Institute (EEI)	Responsible Offshore Science Alliance
Boston College for Corporate Citizenship	MIT - Massachusetts Institute of Technology

Principal associations - Brazil

Responsible Offshore Science Alliance (ROSA)	Comitê Nacional Brasileiro de Produção e Transmissão de Energia Elétrica (CIGRE Brasil)
Associação Brasileira de Distribuidoras de Energia Elétrica (ABRADEE)	Associação Brasileira da Infraestrutura e Indústrias de Base (ABDIB)
Associação Brasileira dos Comercializadores de Energia (ABRACEEL)	Federação das Indústrias do Estado da Bahia (FIEB)
Associação Brasileira dos Contadores do Setor de Energia Elétrica (ABRACONE)	Associação Brasileira das Empresas Geradoras de Energia Elétrica (ABRAGE)
Associação Brasileira de Energia Solar (ABSOLAR)	American Chamber of Commerce (AMCHAM)
Associação Brasileira de Geradoras Termelétricas (ABRAGET)	Associação Brasileira de Energia Eólica (ABEEOLICA)
Associação Brasileira das Empresas de Transmissão de Energia Elétrica (ABRATE)	Associação Brasileira de Relações Institucionais e Governamentais (ABRIG)
Instituto Abradee da Energia	Centro de Pesquisas de Energia Elétrica (CEPEL)
Associação brasileira de Comunicação Empresarial (ABERJE)	Associação Brasileira dos Produtores Independentes de Energia Elétrica (APINE)
Associação Brasileira das Companhias Abertas (ABRASCA)	American Chamber of Commerce (AMCHAM)
Instituto Acende Brasil (ACENDE)	Utilities Telecom e Technology Council América Latina
Centro Brasileiro de Relações Internacionais (CEBRI)	Associação da Indústria de Cogeração de Energia (COGEN)
Instituto ETHOS	Experience Club
Brazil Eventos LTDA (GRI)	Instituto Abradee da Energia
Movimiento Pernambuco Empresarial (LIDE)	

Principal associations - Mexico

Asociación Mexicana de Energía, A.C (AME)	Consejo Coordinador empresarial A.C
Confederación Patronal de la República Mexicana (Coparmex)	Cámara de la Industria de Transformación Ensenada
Consejo Ejecutivo de empresas Globales, AC	Centro Mexicano para la filantropía (CEMEFI)
AMPIP-Asociación Mexicana de Parques Industriales Privados	

Principal associations - IEI

Associazione Italiana Energia Libera	L'Associazione Italiana per l'Idrogeno e Celle a Combustibile (H2IT)
Associazione Italiana di Grossisti di Energia e Trade (AIGET)	United National Global Compact (UNGC)
Committee for Economic Development of Australia (CEDA), in Australia	Australian Financial Markets Association (AFMA)
Agencia para a Energia (ADENE) in Portugal	Clean Energy Council (CEC)
EFET Deutschland - European Federation of Energy Traders Deutschland	Spanish-Australian Chamber of Commerce
Australian Energy Council	

- External initiatives to which the organisation subscribes or which it endorses:

Iberdrola has subscribed to or endorsed external initiatives aligned with sustainable development and encouraged its investees to adhere to them. The following list shows the main external initiatives to which Iberdrola is adhered to or supports:

- UN Global Compact (member since 2002)
- Accelerating to Zero Coalition
- Bruegel
- Carbon Pricing Leadership Coalition
- CleanACTION
- Coalition for Climate Resilient Investment
- Comunidad por el Clima
- Corporate Leaders Group
- CSR Europe
- Decarbonizing Transport (International Transport Forum)
- Drive to Zero
- Economics for Energy
- Electric Vehicle Initiative
- Emerging Markets Network (OECD)
- Energy Transition Commission
- European Climate Foundation
- European Roundtable on Climate Change and Sustainable Transition
- EV100 (The Climate Group)
- Global Commission on Adaptation
- Grupo Español de Crecimiento Verde
- International Association of Public Transport
- International Energy Agency
- IRENA Coalition for Action

- Marrakech Partnership for Global Climate Action
- Mission Possible Partnership
- Powering Past Coal Alliance
- Renewable Hydrogen Coalition
- The B Team
- We Mean Business
- World Business Council of Sustainable Development (WBCSD)
- World Economic Forum (WEF) –CEO Climate Leaders

In each country, Iberdrola also supports and collaborates with the initiatives it considers most relevant due to their importance at local level, Sociedad Española de Ornitología (SEO Bird Life), Asociación Española para la Economía Energética, BC3 Basque Centre for Climate Change, Real Instituto Elcano in Spain, the Cancer Research in the United Kingdom, and the Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável (CEBDS) in Brazil, among others.

Contributions to political parties or to related institutions

The Company is politically neutral. In 2024, none of the Group companies, with the exception of the United Kingdom, the United States and Australia, contributed to the financing of political parties.

Contribution to political parties (EUR)

Country	2024	2023
United Kingdom	46,571	32,761
United States	812,171	482,073
Other countries	47,086	2,702
Total	905,828	517,535

- In the United Kingdom, ScottishPower contributed a total of EUR 46,571 (GBP 39,443), distributed among different parties across the political spectrum, to sponsor conferences and events, in accordance with the Political Parties, Elections and Referendums Act (2000). These events are an important opportunity for the group to present its views to representatives across all political camps on a non-partisan basis. This contribution does not signal support for any specific party.

- In the United States, Avangrid contributed a total of EUR 812,171 (USD 879,500) to candidates and political parties, reporting these contributions in accordance with applicable law. These amounts do not include additional voluntary contributions from employees.
- In Australia, IBERDROLA Australia contributed a total of EUR 24,086 (AUS 39,484) for the annual membership to sponsor conferences and events, reporting it to the Australian electoral commission. Accordingly, Iberdrola Deutschland has contributed a total of 23,000 euros for the contribution to the professional business association Wirtschaftsrat.

Appointments to comparable positions in public administration

Article 34.3 of the [By-Laws](#) expressly prohibits the appointment as Board members of Iberdrola, S.A. of persons who, in the two years prior to their prospective appointment, have held senior positions in the Spanish public administration that are incompatible with the simultaneous exercise of the duties of director of a listed company, pursuant to Spanish national or regional legislation, or positions of responsibility in the regulatory bodies of the energy sector, the securities markets or other sectors in which the Group operates.

In this respect, none of the Company's current Board members, whose professional careers are published on the corporate website www.iberdrola.com, has held a comparable position in public administration (including regulators) in the two years prior to their appointment in the current reference period.

■ Disclosure Requirement [G1-6]: Payment practices

Iberdrola's General Terms and Conditions, available on the corporate website, establish single payment terms to suppliers per country (between 30 and 90 days), regardless of the type of supplier, and never exceeding the legal maximum established in each country. The period for calculating the term begins with the receipt of the invoice duly issued. However, the payment terms for regulated or market operations are the standard terms of the operation.

Group companies are subject to disclosure requirements regarding contractual payment terms and its payment practices in Spain and the United Kingdom.

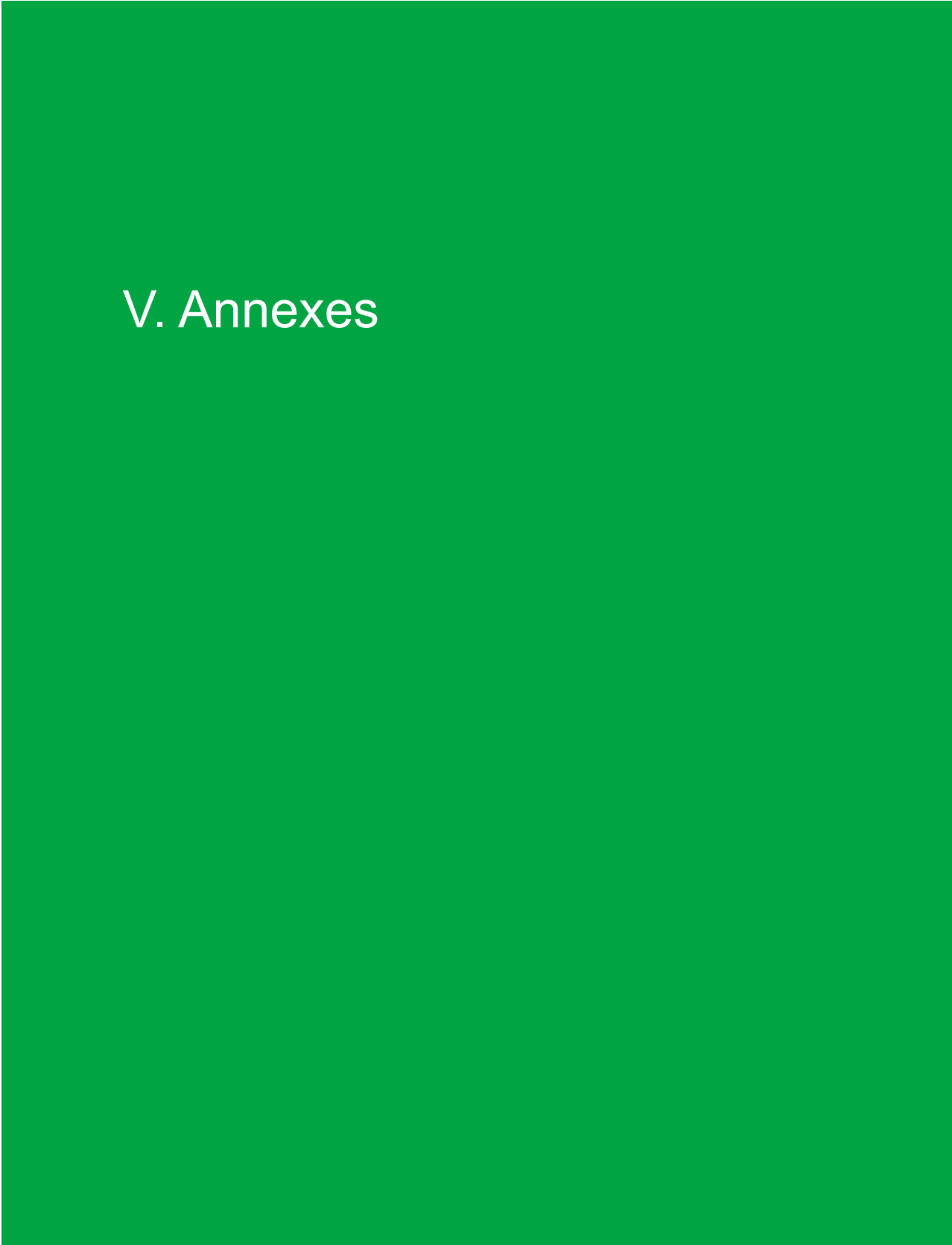
This information relates to note 37 to the [*Annual Financial Information of Iberdrola S.A.*](#)

It should be noted that there were no pending legal proceedings for late payments at the end of 2024.

Entity specific indicators

414-2 Negative social impacts in the supply chain and actions taken

No suppliers with a material negative social impact have been detected, and no incidents were reported through the channels established for this purpose that resulted in the cancellation of orders or of contracts with the Group's suppliers due to negative social impacts.



V. Annexes

- **Disclosure Requirement [ESRS 2 IRO-2]: Disclosure requirements in ESRS covered by the undertaking's sustainability statement**

Note: The pages included in the following tables of contents and interoperability tables refer to the beginning of each section.

Table 2 - Annex B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference ⁶⁶	Pillar 3 reference ⁶⁷	Regulation reference for benchmark indices ⁶⁸	European Climate Legislation reference ⁶⁹	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 d)	Indicator number 13 Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 ⁽⁵⁾ , Annex II		8
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 e)			Delegated Regulation (EU) 2020/1816, Annex II		8
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				28
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 d) i	Indicator number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 ⁽⁶⁾ , Table 1: Qualitative information on environmental risk and Table 2: Qualitative information on social risk	Delegated Regulation (EU) 2020/1816, Annex II		34

⁶⁶ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

⁶⁷ Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

⁶⁸ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014 (OJ L 171, 29.6.2016, p. 1).

⁶⁹ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No. 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

Disclosure Requirement and related datapoint	SFDR reference ⁶⁶	Pillar 3 reference ⁶⁷	Regulation reference for benchmark indices ⁶⁸	European Climate Legislation reference ⁶⁹	Page
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		34
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 ⁽⁷⁾ , Article 12(1) Delegated Regulation (EU) 2020/1816 Annex II		34
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Article 12(1)		34
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	71

Disclosure Requirement and related datapoint	SFDR reference ⁶⁶	Pillar 3 reference ⁶⁷	Regulation reference for benchmark indices ⁶⁸	European Climate Legislation reference ⁶⁹	Page
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449(a) of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking book - Climate change transition: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12(1) (d) to (g), and Article 12(2)		71
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449(a) of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Climate change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		91
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex 1				97
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				97

Disclosure Requirement and related datapoint	SFDR reference ⁶⁶	Pillar 3 reference ⁶⁷	Regulation reference for benchmark indices ⁶⁸	European Climate Legislation reference ⁶⁹	Page
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				97
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicator number 1 and n. 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking book - Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		98
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 Table #1 of Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) No 2022/2453, template 3: Banking book - Climate change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		98
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not applicable

Disclosure Requirement and related datapoint	SFDR reference ⁶⁶	Pillar 3 reference ⁶⁷	Regulation reference for benchmark indices ⁶⁸	European Climate Legislation reference ⁶⁹	Page
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Information subject to transitional provision
ESRS E1-9 Disaggregation of monetary amounts for acute and chronic physical hazards paragraph 66(a) ESRS E1-9 Location of major assets exposed to significant physical hazards paragraph 66(c).		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) No 2022/2453, paragraphs 46 and 47; Template 5. Climate change physical risk: Exposures subject to physical risk.			Information subject to transitional provision
ESRS E1-9 Breakdown of the carrying amount of its real estate assets by energy efficiency paragraph 67(c).		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Information subject to transitional provision
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Information subject to transitional provision

Disclosure Requirement and related datapoint	SFDR reference ⁶⁶	Pillar 3 reference ⁶⁷	Regulation reference for benchmark indices ⁶⁸	European Climate Legislation reference ⁶⁹	Page
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1, Indicator number 2 Table #2 of Annex 1, Indicator number 1 Table #2 of Annex 1, Indicator number 3 Table #2 of Annex 1				119
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				124
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table #2 of Annex 1				124
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not a material risk
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				127
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				127
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				143
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				143
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				143

Disclosure Requirement and related datapoint	SFDR reference ⁶⁶	Pillar 3 reference ⁶⁷	Regulation reference for benchmark indices ⁶⁸	European Climate Legislation reference ⁶⁹	Page
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				150
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				150
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				150
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				174
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				174
ESRS 2 - SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicators number 13 Table #3 of Annex I				199
ESRS 2 - SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicators number 12 Table #3 of Annex I				199
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				201
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		201

Disclosure Requirement and related datapoint	SFDR reference ⁶⁶	Pillar 3 reference ⁶⁷	Regulation reference for benchmark indices ⁶⁸	European Climate Legislation reference ⁶⁹	Page
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicators number 11 Table #3 of Annex I				201
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				201
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				208
ESRS S1-14 Number of fatalities and number and rate of work- related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		227
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				227
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		231
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				231
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				233

Disclosure Requirement and related datapoint	SFDR reference ⁶⁶	Pillar 3 reference ⁶⁷	Regulation reference for benchmark indices ⁶⁸	European Climate Legislation reference ⁶⁹	Page
ESRS S1-17. Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12(1)		233
ESRS 2 - SBM3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and no. 13 Table #3 of Annex I				241
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				242
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				242
ESRS S1-1. Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12(1)		201
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		242

Disclosure Requirement and related datapoint	SFDR reference ⁶⁶	Pillar 3 reference ⁶⁷	Regulation reference for benchmark indices ⁶⁸	European Climate Legislation reference ⁶⁹	Page
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				251
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				257
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12(1)		257
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				270
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				303
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12(1)		303

Disclosure Requirement and related datapoint	SFDR reference ⁶⁶	Pillar 3 reference ⁶⁷	Regulation reference for benchmark indices ⁶⁸	European Climate Legislation reference ⁶⁹	Page
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				310
ESRS G1-1 United Nations Convention against Corruption, section 10(b)	Indicator number 15 Table #3 of Annex 1				326
ESRS G1-1 Protection of whistle-blowers paragraph 10(d)	Indicator number 6 Table #3 of Annex 1				326
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		344
ESRS G1-4 Anti-bribery and anti-corruption rules paragraph 24(b)	Indicator number 16 Table #3 of Annex 1				344

⁽⁵⁾ Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

⁽⁶⁾ Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p.1.).

⁽⁷⁾ Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

The process for determining the material information to be disclosed in relation to impacts, risks and opportunities that have been assessed as material is described in [section ESRS 2 IRO-1](#).

■ **Disclosure Requirement [GOV-4]: Statement on due diligence**

The following table describes the core elements of due diligence:

	Chapter	Paragraph	Page	Description
a) Embedding due diligence in governance, strategy and business model	General disclosures - ESRS 2	GOV-1	8	The role of administrative, management and supervisory bodies
	General disclosures - ESRS 2	GOV-2	21	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
	General disclosures - ESRS 2	GOV-3	70	Integration of sustainability-related performance in incentive schemes
	General disclosures - ESRS 2	SBM-1	34	Strategy, business model and value chain
	General disclosures - ESRS 2	SBM-3	46	Material impacts, risks and opportunities and their interaction with strategy and business model
	General disclosures - ESRS 2	ESRS 2 MDR-P	57	Policies adopted to manage material sustainability matters
	E1 Climate change	E1-1	71	Transition plan for climate change mitigation
	E4 Biodiversity	E4-1	130	Transition plan and consideration of biodiversity and ecosystems in strategy and business model
b) Engaging with affected stakeholders in all key steps of the due diligence	General disclosures - ESRS 2	SBM-2	40	Interests and views of stakeholders
	General disclosures - ESRS 2	ESRS 2 IRO-1	50	Description of the processes to identify and assess material impacts, risks and opportunities
	S1 Own workforce	S1-2	205	Processes for engaging with own workers and workers' representatives about impacts
	S2 Workers in the value chain	S2-2	243	S2-2 Processes for engaging with value chain workers about impacts
	S3 Affected communities	S3-2	260	S3-2 Processes for engaging with affected communities about impacts
	S4 Consumers and end-users	S4-2	305	Processes for engaging with consumers and end-users about impacts

	Chapter	Paragraph	Page	Description
c) Identifying and assessing adverse impacts	General disclosures - ESRS 2	IRO-1	50	Description of the processes to identify and assess material impacts, risks and opportunities
	General disclosures - ESRS 2	SBM-3	46	Material impacts, risks and opportunities and their interaction with strategy and business model
d) Adoption of measures to mitigate, remedy or compensate for such adverse impacts	General disclosures - ESRS 2	MDR-T	63	Tracking effectiveness of policies and actions through targets
	General disclosures - ESRS 2	MDR-A	62	Actions and resources in relation to material sustainability matters
	S1 Own workforce	S1-3	208	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns
	S1 Own workforce	S1-4	210	S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
	S2 Workers in the value chain	S2-3	248	S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns
	S2 Workers in the value chain	S2-4	251	S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

	Chapter	Paragraph	Page	Description
d) Adoption of measures to mitigate, remedy or compensate for such adverse impacts	S3 Affected communities	S3-3	267	S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns
	S3 Affected communities	S3-4	270	S3-4 Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
	S4 Consumers and end-users	S4-3	308	S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
	S4 Consumers and end-users	S4-4	310	S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
e) Tracking the effectiveness of these efforts and communication	General disclosures - ESRS 2	ESRS 2 MDR-M	68	Metrics in relation to material sustainability matters
	General disclosures - ESRS 2	ESRS 2 MDR-T	63	Tracking effectiveness of policies and actions through targets

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⁷⁰ The GRI indicators correspond to the latest version of the GRI Standards in all cases.

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		IF-EU-110a.1	(2) Emissions-limiting regulations	94%
		IF-EU-110a.1	(3) Emissions-limiting regulations	100%
		IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries (tCO ₂ eq)	11,706,470
		IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	E1-6 "Climate Action" Section Climate Action Report Group GHG Report
		IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS)	Applies to United States only. Avangrid Renewables serves two large retail customers in Oregon as an electricity service supplier (ESS). ESS entities are subject to Oregon's RPS statute (ORS 469A).
		IF-EU-110a.4	(2) percentage of fulfilment of RPS target by market	Solely applicable to USA. The result is 100% according to the most recent standard (from 2020).

Dimension	Material topics	Metric Code	Metric	Page / Response	
Environment	Air quality	IF-EU-120a.1	Airborne emissions of the following pollutants - percentage of each in or near areas of high population density: (1) NOx (excluding N2O)	20,236 t	
				119	
			Airborne emissions of the following pollutants - percentage of each in or near areas of high population density: (2) SOx	401 t	
				119	
			Airborne emissions of the following pollutants - percentage of each in or near areas of high population density: (3) particulate matter (PM10)	408 t	
				119	
				Airborne emissions of the following pollutants - percentage of each in or near densely populated areas: (4) lead (Pb)	These emissions are associated with coal combustion which Iberdrola did not produce in 2024 as it closed all its coal-fired power plants in 2020.
			Airborne emissions of the following pollutants - percentage of each in or near densely populated areas: (5) mercury (Hg)		
	Water management	IF-EU-140a.1	(1) Total water withdrawn, percentage in regions with high or extremely high baseline water stress	1,745,363 ML	
				47% of the water withdrawn is from high water stress areas.	
				21% of the water withdrawn is from extremely high water stress areas.	
			(2) Total water consumed, percentage in regions with high or extremely high baseline water stress	79,804 ML	
				62% of the water consumed is from high water stress areas.	
				17% of the water withdrawn is from extremely high water stress areas.	
IF-EU-140a.2		Number of incidents of non-compliance related to the quantity and/or quality of water, or to water permits, standards and regulations	0 impacts		
IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Non-material indicator, as the overall level of risk in extraction and consumption is very low. Information is likewise published in the CDP Water report.			

Dimension	Material topics	Metric Code	Metric	Page / Response
Environment	Coal ash management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	Iberdrola closed all its coal-fired power plants in 2020.
		IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	
	Energy affordability	IF-EU-240a.1	Average retail electric rate for (1) residential customers	322
		IF-EU-240a.1	Average retail electric rate for (2) commercial customers	322
		IF-EU-240a.1	Average retail electric rate for (3) industrial customers	322
		IF-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kWh	322
		IF-EU-240a.2	Typical monthly electric bill for residential customers for (2) 1,000 kWh of electricity delivered per month	322
		IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	322
		IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	311
	Human capital	Workforce health and safety	IF-EU-320a.1	(1) Total recordable incident rate (TRIR)
IF-EU-320a.1			(2) fatality rate	229
IF-EU-320a.1			(3) near miss frequency rate (NMFR)	229
Business model and innovation	End-use efficiency and demand	IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	The applicable percentage in the tariff structures applicable to the United States were: (1) 79% and (2) 0%.
		IF-EU-420a.2	Percentage of electric load served by smart grid technology	321
		IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	110

Dimension	Material topics	Metric Code	Metric	Page / Response
Leadership and governance	Nuclear safety & emergency management	IF-EU-540a.1	Total number of nuclear power units, broken down by the United States Nuclear Regulatory Commission (NRC) action matrix column	Not applicable as there are no nuclear power plants in the United States.
		IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	Not applicable as there are no nuclear power plants in the United States.
	Grid resiliency	IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Avangrid did not experience any breaches of NERC's Critical Infrastructure Protection (CIP) standards leading to physical security or cyber security events. Any such event would have been reported under CIP-008-6, as required by requirement R4 of CIP-008-6. This indicator is not applicable to the rest of the group companies, given that this regulation only applies to the United States.
		IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI)	321
		IF-EU-550a.2	(2) System Average Interruption Frequency Index (SAIFI)	321
		IF-EU-550a.2	(3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	321

Dimension	Material topics	Metric Code	Metric	Page / Response
Activity Metrics		IF-EU-000.A	Number of: (1) residential customers served	38
		IF-EU-000.A	Number of: (2) commercial customers served	38
		IF-EU-000.A	Number of: (3) industrial customers served	38
		IF-EU-000.B	Total electricity delivered to: (1) residential customers	39
		IF-EU-000.B	Total electricity delivered to: (2) trade customers	39
		IF-EU-000.B	Total electricity delivered to: (3) industrial customers	39
		IF-EU-000.B	Total electricity delivered to: (4) all other retail customers	39
		IF-EU-000.B	Total electricity delivered to: (5) wholesale customers	39
		IF-EU-000.C	Length of transmission and distribution lines	39
		IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	38 The vast majority of our United States assets are in unregulated markets.
		IF-EU-000.E	Total wholesale electricity purchased	The Iberdrola group operates in a number of markets, simultaneously carrying out electricity generation activities, supply on regulated markets, marketing on deregulated markets, and electricity trading on spot and forward markets. Therefore, the indicator would not be considered to describe any significant aspect relating to business performance.

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(Taskforce on Nature-related Financial Disclosures) recommendations

Chapter	TNFD recommendation	Link to Iberdrola content	Chapter	ESRS	Page
Governance	a) Describe the board's supervision of nature-related dependencies, impacts, risks and opportunities.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Governance	ESRS 2 GOV-1	8
				ESRS 2 GOV-2	21
				ESRS 2 GOV-3	24
				ESRS 2 GOV-5	29
	b) Describe management's role in assessing and managing climate-related dependencies, impacts, risks and opportunities.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Governance	ESRS 2 GOV-1	8
				ESRS 2 GOV-2	21
	c) Describe the organisation's human rights policies and activities and the board's and management's involvement and supervision of indigenous peoples, local communities, affected persons and other stakeholders in the organisation's assessment of and response to nature-related dependencies, impacts, risks and opportunities.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Governance	ESRS 2 SBM-2	40
				ESRS 2 SBM-3	46
				ESRS 2 IRO-1	50
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ESRS G1-5	346				

Chapter	TNFD recommendation	Link to Iberdrola content	Chapter	ESRS	Page
Strategy	a) Describe the climate-related dependencies, impacts, risks and opportunities that the organization has identified over the short, medium, and long term.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Strategy	ESRS 2 IRO-1 ESRS 2 SBM-3	50 46
	b) Describe the effect that nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition or analysis plan in place.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Strategy	ESRS 2 SBM-3 ESRS 2 MDR-P ESRS 2 MDR-A ESRS 2 MDR-T ESRS E1-1 ESRS E1-2 ESRS E1-3 ESRS E1-4 ESRS E2-1 ESRS E2-2 ESRS E2-3 ESRS E3-1 ESRS E3-2 ESRS E3-3 ESRS E4-1 ESRS E4-2 ESRS E4-3 ESRS E4-4 ESRS E5-1 ESRS E5-2 ESRS E5-3 ESRS S3-4 ESRS G1-2	46 57 62 63 71 86 88 91 113 113 118 124 124 126 130 150 153 161 169 169 172 270 329
	c) Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into account different scenarios	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Strategy	ESRS 2 SBM-3 ESRS 2 MDR-A ESRS E1-3 ESRS E2-2 ESRS E3-2 ESRS E4-1 ESRS E4-3 ESRS E5-2 ESRS S3-4 ESRS G1-2	46 62 88 113 124 130 153 169 270 329
	d) Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chains that meet the criteria for priority locations.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Strategy	ESRS E4 para 16 (a) ESRS E4 para. 17; para. AR 7(a) ESRS E4 para. 19 ESRS E2 para. 11; para. AR 5" ESRS E3 para. AR 5	111 122 136 143 150

Chapter	TNFD recommendation	Link to Iberdrola content	Chapter	ESRS	Page
Risk management	a(i)) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Risk management	ESRS 2 IRO-1	50
	a(ii)) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chains.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Risk management	ESRS 2 IRO-1	50
	b) Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Risk management	ESRS 2 IRO-1 ESRS E1-2 ESRS E2-1 ESRS E3-1 ESRS E4-2 ESRS E5-1	50 86 113 124 150 169
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Risk management	ESRS 2 IRO-1	50
Metrics and objectives	a) Disclose the metrics used by the organization to evaluate climate-related risks and opportunities in accordance with its risk management process and strategy.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Metrics and targets	ESRS 1 ESRS 2 MDR-M	68
	b) Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Metrics and targets	ESRS 1 ESRS 2 SBM-3 ESRS 2 MDR-P ESRS 2 MDR-A ESRS 2 MDR-M ESRS E2-4 ESRS E3-4 ESRS E4-5 ESRS E5-4 ESRS E5-5	46 57 62 68 119 127 163 173 174
	c) Describe the objectives and targets used by the organisation for managing dependencies, impacts, risks and opportunities related to the nature and its response to them.	Statement of Non-Financial Information. Sustainability Report 2024	ESRS 2 - Metrics and targets	ESRS 2 MDR-T ESRS E1-1 ESRS E2-3 ESRS E3-3 ESRS E4-4 ESRS E5-3	63 71 118 126 161 172

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Spain

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