

Module: Introduction**Page: W0. Introduction**

W0.1**Introduction**

Please give a general description and introduction to your organization.

IBERDROLA is very proud to participate in the CDP Water Disclosure 2016 and we publish our answer in the CEO WATER MANDATE yearly. Water requires energy and energy requires water; which makes it a necessary resource for the activities of the Group. IBERDROLA's awareness regarding the sustainable use of water is a reality; it is included in one of the 5 pillars of activity within the commitment made by the Group, as reflected in the Sustainability Policy. Water is an essential resource and fundamental to IBERDROLA's business development, making the company aware of the importance of its management and conservation.

IBERDROLA started its operations at mid 19th century in US and in 1901 in Spain based on hydroelectric power. 12 years ago, we pre-empted the rest of the sector with a focus on renewables that has made us world leader in wind power and pioneer in measures to combat climate change. IBERDROLA operates in more than 40 countries and over 28 million customers. From the beginning, IBERDROLA's Group has promoted a core business based on a sustainable energy model, covering the need for stable, safe and competitive energy supplies and access for all people to this essential service under affordable economic conditions (service competitiveness and universality) with a focus on operations with lower emissions and greater efficiency in the production and use of energy where water has a fundamental role.

Our Water Management in 2015:

IBERDROLA's hydroelectric generation represents 12% of total generation.

Water use is defined as the difference between the water captured, excluding seawater or saltwater and the water discharged into the environment. 97 % of the water collected at thermal generation and cogeneration facilities is subsequently returned to the receptor environment in a physicochemical condition that allows it to be utilized by other users without affecting the natural environment. 3% of the water withdrawn was consumed and/or retained in the various processes, or was returned to the environment in the form of steam generated in the cooling systems of the thermal power plants.

W0.2

Reporting year

Please state the start and end date of the year for which you are reporting data.

Period for which data is reported
Thu 01 Jan 2015 - Thu 31 Dec 2015

W0.3

Reporting boundary

Please indicate the category that describes the reporting boundary for companies, entities, or groups for which water-related impacts are reported.

Companies, entities or groups in which an equity share is held

W0.4

Exclusions

Are there any geographies, facilities or types of water inputs/outputs within this boundary which are not included in your disclosure?

Yes

W0.4a

Exclusions

Please report the exclusions in the following table

Exclusion	Please explain why you have made the exclusion
Belgium and France	IBERDROLA only has a Group office in these countries. Activities in these countries are considered not-significant, and are not included in the sustainability boundaries. Even though, the application of the same procedures and processes as those applied within the Group is ensured, thus ensuring the guarantees as to work, basic rights, and environmental protection as derive therefrom.
Austria, Belgium, The Netherlands, and Switzerland	IBERDROLA only has electricity or gas supply and/or gas storage in these countries. Activities in these countries are considered not-significant, and are not included in the sustainability boundaries. Even though, the application of the same procedures and processes as those applied within the Group is ensured, thus ensuring the guarantees as to work, basic rights, and environmental protection as derive therefrom.
Bulgaria, Qatar, Egypt, Montenegro, Slovak Republic, Ukraine, and Venezuela	IBERDROLA only has engineering and construction business in these countries. Activities in these countries are considered not-significant, and are not included in the sustainability boundaries. Even though, the application of the same procedures and processes as those applied within the Group is ensured, thus ensuring the guarantees as to work, basic rights, and environmental protection as derive therefrom.
Portugal, Bulgaria and Mexico	IBERDROLA only has real state business in these countries. Activities in these countries are considered not-significant, and are not included in the sustainability boundaries. Even though, the application of the same procedures and processes as those applied within the Group is ensured, thus ensuring the guarantees as to work, basic rights, and environmental protection as derive therefrom.

Further Information

Module: Current State

Page: W1. Context

W1.1

Please rate the importance (current and future) of water quality and water quantity to the success of your organization

Water quality and quantity	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Neutral	Neutral	Each facility have on-line control of the main variables related to water information. Also, maximum limits on the capture and consumption of fresh water are established and monitored by the government administrations of each region through the relevant governmental entities. The government also establishes and controls surface level limits and ecological flows at the hydroelectric generation reservoirs. Most of the withdrawn water is surface water, mainly marine or estuary, and is returned to the environment partly as evaporated water and the rest included in discharges from the facilities.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	97% of the water collected at thermal generation and cogeneration facilities was returned to the receptor environment in a physicochemical condition that allows it to be utilised by other users without affecting the natural environment. 3% of the water collected was consumed and/or retained in the various processes.

W1.2

For your total operations, please detail which of the following water aspects are regularly measured and monitored and provide an explanation as to why or why not

Water aspect	% of sites/facilities/operations	Please explain
Water withdrawals- total volumes	76-100	Within the Group's activities, the largest volume of water collection occurs at the thermal plant cooling systems, of which a small part is consumed in the process (evaporation), the majority is returned to the natural environment, following advanced treatment to ensure its quality, whilst the remainder, is used for internal services and other processes. Continuous improvement is sought for processes of the facilities, so that the extraction and consumption of water is the minimum possible and has minimal impact on the environment. Maximum limits on inland water collection and consumption are established and controlled by governments, which assigns the relevant permits. The government also establishes surface level limits and ecological flows at the hydroelectric generation reservoirs. Best available practices are used so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, trying to recycle and reuse water to the maximum.

Water aspect	% of sites/facilities/operations	Please explain
Water withdrawals- volume by sources	76-100	Maximum limits on inland water collection and consumption are established and controlled by governments, which assigns the relevant permits. The government also establishes and controls surface level limits and ecological flows at the hydroelectric generation reservoirs. Best available practices are used so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, trying to recycle and reuse water to the maximum.
Water discharges- total volumes	76-100	Effluents from the generating plants are treated before they are discharged into the receptor environment (i.e. the sea, reservoirs or rivers, wastewater treatment plants, etc.). These treatment plants and other facilities allow for monitoring and improving the quality of the effluents and reducing the risk of polluting discharges.
Water discharges- volume by destination	76-100	The main discharge comes from the cooling systems for the thermal generation plants. The water returned from cooling has insignificant physicochemical changes, including temperature changes. There is a thermal increase based on the difference between the water collected and the water discharged. The government establishes certain maximum allowable values for each plant based on the nature of the collection point and the discharge point (ocean, reservoir or river) and carries out monitoring. The plants continuously monitor the temperature of the discharge, and if limits are exceeded, the facility must correct the temperature or halt production.
Water discharges- volume by treatment method	76-100	Thermal generation power plants in Spain and United Kingdom have water-treatment facilities that treat the waste water before it is returned to the receiving medium (sea, dam or river). Process waters are subjected to a physical and chemical treatment that includes the separation of hydrocarbons. Sanitary water is treated at compact plants with aerobic biological processes. And facilities with coal stockpiles use a runoff treatment, i.e., a settling-coagulation process that prevents particulate or airborne coal from entering the receiving water. Once it has been treated, process and sanitary water is diluted with the water returning from the cooling system, thus ensuring that the returned water has a minimum pollutant load which does not significantly alter the physical and chemical characteristics of the receiving medium. In Latin America, independent separation networks are used for industrial and sanitary water.
Water discharge quality data- quality by standard effluent parameters	76-100	Effluents from the generating plants are treated before they are discharged into the receptor environment (i.e. the sea, reservoirs or rivers, wastewater treatment plants, etc.). For example, In Spain and México, water is discharged under constant monitoring of various parameters (temperature, turbidity, conductivity, etc.) by the Company and the Administration, to make sure that the characteristics of the effluent are always below the established limits.
Water consumption- total volume	76-100	Water use/overall production in 2015 has been 532.79 m3 / GWh Continuous improvement is sought for processes of the facilities, so that the extraction and consumption of water is the minimum possible and has minimal impact on the environment. In addition, extraction of water is avoided in areas with water stress, and attempts are made to recycle and reuse water to the maximum extent possible. Water use is defined as the water captured, excluding seawater or saltwater and water discharged into the environment.

Water aspect	% of sites/facilities/operations	Please explain
Facilities providing fully-functioning WASH services for all workers	76-100	The health and safety of our employees is an indispensable goal of IBERDROLA, ensuring implementation of the human right to water and sanitation. This follows the UN Guiding Principles for Business and Human Rights. Nevertheless, there is significant concern for the efficient and responsible use of running water by employees at offices and control buildings. For this purpose, there are awareness-raising campaigns and the installation of efficient systems to reduce the consumption of water, such as taps with photoelectric cells.

W1.2a

Water withdrawals: for the reporting year, please provide total water withdrawal data by source, across your operations

Source	Quantity (megaliters/year)	How does total water withdrawals for this source compare to the last reporting year?	Comment
Fresh surface water	709743	About the same	Our operations has been similar in 2015 that the previous year. The best available practices are introduced and used at the facilities so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, avoiding the withdrawal of water in water-stressed areas, and trying to recycle and reuse water to the maximum. In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables principally and combined cycles when it is required has lead to a reduction in water consumption per GWh produced.
Brackish surface water/seawater	1936315	About the same	5.74% lower than the previous year. The best available practices are introduced at the facilities so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, avoiding the withdrawal of water in areas with water stress, and trying to recycle and reuse water to the maximum. In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables principally and combined cycles when it is required has lead

Source	Quantity (megaliters/year)	How does total water withdrawals for this source compare to the last reporting year?	Comment
Rainwater	0	About the same	to a reduction in water consumption per GWh produced. During 2015 there was no rainwater captured.
Groundwater - renewable	0	Not applicable	No comment.
Groundwater - non-renewable	1030	Higher	7.74% higher than the previous year. The best available practices are introduced at the facilities so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, avoiding the withdrawal of water in areas with water stress, and trying to recycle and reuse water to the maximum. In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables principally and combined cycles when it is required has led to a reduction in water consumption per GWh produced.
Produced/process water	0	Not applicable	Not comment.
Municipal supply	6280	Higher	4.16% higher than the previous year. The best available practices are introduced at the facilities so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, avoiding the withdrawal of water in areas with water stress, and trying to recycle and reuse water to the maximum. In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables principally and combined cycles when it is required has led to a reduction in water consumption per GWh produced.
Wastewater from another organization	12237	About the same	0.46% lower than the previous year.
Total	2665605	About the same	2.88% lower than the previous year. The best available practices are introduced at the facilities so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, avoiding the withdrawal of water in areas with water stress, and trying to recycle and reuse water to the maximum. In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables principally and combined cycles when it is required has led to a reduction in water consumption per GWh produced.

W1.2b

Water discharges: for the reporting year, please provide total water discharge data by destination, across your operations

Destination	Quantity (megaliters/year)	How does total water discharged to this destination compare to the last reporting year?	Comment
Fresh surface water	659405	About the same	4.68% higher than the previous year.
Brackish surface water/seawater	1896730	Lower	7.02% lower than the previous year.
Groundwater	0	Not applicable	No comment.
Municipal/industrial wastewater treatment plant	6280	Higher	6.15% higher than the previous year.
Wastewater for another organization	12237	Not applicable	Previous year the company had not to report this data, so we cannot set a base as a percentage.
Total	2614243	About the same	2.29% lower than the previous year.

W1.2c

Water consumption: for the reporting year, please provide total water consumption data, across your operations

Consumption (megaliters/year)	How does this consumption figure compare to the last reporting year?	Comment
72882	Higher	3.19% higher than previous year due to a decrease of rainfall. which had led to an increase in thermal Generation to compensate this decrease in production without emissions (decrease production of hydroelectricity because of decreased rainfall and decrease production of windfarms beacuse of decreased

Consumption (megaliters/year)	How does this consumption figure compare to the last reporting year?	Comment
		wind) .

W1.3

Do you request your suppliers to report on their water use, risks and/or management?

Yes

W1.3a

Please provide the proportion of suppliers you request to report on their water use, risks and/or management and the proportion of your procurement spend this represents

Proportion of suppliers %	Total procurement spend %	Rationale for this coverage
76-100	51-75	To improve the status of suppliers with lower performance in the area of sustainability, improvement and awareness-raising activities are conducted throughout the year in order for suppliers to achieve certification. No supplier with a negative environmental impact has been detected. IBERDROLA is working to improve the environment and to enhance energy efficiency through the following activities: As a purchaser, by including environmental and social commitment clauses in supplier contracts (with specific reference to water) and by preparing awareness and carbon footprint measurement campaigns within the supply chain. IBERDROLA does not have any relevant supplier located in areas/countries considered to have water stress . The volume of purchasers in this countries doesn't reached the 0,06% of the total volume contrated during 2015. Procurement from suppliers

Proportion of suppliers %	Total procurement spend %	Rationale for this coverage
		with certified ISO 14001 represented 75% of all procurement from suppliers of general supplies. Please see Page 144-145 of the 2015 Sustainability Report.

W1.3b

Please choose the option that best explains why you do not request your suppliers to report on their water use, risks and/or management

Primary reason	Please explain
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W1.4

Has your organization experienced any detrimental impacts related to water in the reporting year?

No

W1.4a

Please describe the detrimental impacts experienced by your organization related to water in the reporting year

Country	River basin	Impact indicator	Impact	Description of impact	Length of impact	Overall financial impact	Response strategy	Description of response strategy
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W1.4b

Please choose the option below that best explains why you do not know if your organization experienced any detrimental impacts related to water in the reporting year and any plans you have to investigate this in the future

Primary reason	Future plans
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Further Information

Module: Risk Assessment

Page: W2. Procedures and Requirements

W2.1

Does your organization undertake a water-related risk assessment?

Water risks are assessed

W2.2

Please select the options that best describe your procedures with regard to assessing water risks

Risk assessment procedure	Coverage	Scale	Please explain
Comprehensive company-wide risk assessment	Direct operations and supply chain	All facilities and suppliers	Risk identification process is wide in the company, beyond the traditional environmental functions. IBERDROLA has specific policies related to environmental management (Environmental, Biodiversity, Policy against Climate Change, and Sustainability Policy), which determine directives in the development of its strategy and investments and the function and control of environmental risks. The management tool is a comprehensive risk system, certified in accordance with the UNE-EN-ISO 9001:2008 standard, and which takes into account the principal environmental risks, considering all activities and business. A methodology was developed to harmonize the identification criteria, assessment, and prioritization of environmental risk. There are commitments in the Procurement area to foster environmental responsibility and promote strict compliance by suppliers with contractual conditions and current legislation, specially focused in the principles established in the United Nations Global Compact.

W2.3

Please state how frequently you undertake water risk assessments, what geographical scale and how far into the future you consider risks for each assessment

Frequency	Geographic scale	How far into the future are risks considered?	Comment
Annually	Facility	>6 years	Water presents local issues which need to be understood and managed, that is the reason why IBERDROLA undertake risk assessments at facilities level. The risks selected are reviewed at least on an annual basis and are managed in the mid-long term.

W2.4

Have you evaluated how water risks could affect the success (viability, constraints) of your organization's growth strategy?

Yes, evaluated over the next 1 year

W2.4a

Please explain how your organization evaluated the effects of water risks on the success (viability, constraints) of your organization's growth strategy?

IBERDROLA's strategy, based on the use of production technologies with lower emissions, is achieving a reduction in the consumption ratios for fuel, energy, water, and other materials per GWh produced (i.e. eco-efficiency). Water use (hm³) is defined as the water captured, excluding seawater or saltwater and water discharged into the environment.

The water withdrawn to carry out the Group's activities is mainly used in the cooling systems of the thermal plants, and to a lesser extent in standby services and other processes. A small proportion of the water collected is consumed (by evaporation) in the process itself, and the remainder is returned to the natural receptor environment, after undergoing physicochemical and thermal treatment to ensure its quality.

The maximum limits on inland water collection and consumption are established and controlled by the government of each country, which assigns the permits and determines the maximum allowed volumes of collection to ensure that there are no significant impacts. The government also establishes and controls surface level limits and ecological flows at the hydroelectric generation reservoirs.

For example, in Spain and the United Kingdom the operation of the hydroelectric plants conforms to the requirements of the Water Framework Directive, while the thermal generation plants operate under the Integrated Pollution Prevention and Control Directive. In order to comply with this regulation, water is included as an important element within the environmental management systems.

The best available practices are introduced and used at the facilities so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, avoiding the withdrawal of water in areas with water stress, and trying to recycle and reuse water to the maximum. There is a goal for efficient and responsible domestic running water consumption by employees at offices and control buildings. For this purpose, there are awareness-raising campaigns and the installation of efficient systems to reduce the consumption of water, such as taps with photoelectric cells.

In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables and combined cycles has led to a reduction in water consumption per GWh produced.

W2.4b

What is the main reason for not having evaluated how water risks could affect the success (viability, constraints) of your organization's growth strategy, and are there any plans in place to do so in the future?

Main reason	Current plans	Timeframe until evaluation	Comment
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W2.5

Please state the methods used to assess water risks

Method	Please explain how these methods are used in your risk assessment
CEO Water Mandate's 'Understanding Key Water Stewardship Terms' FAO/AQUASTAT Internal company knowledge Regional government databases WBCSD Global Water Tool WRI water stress definition Other: IPCC Fourth Assessment Report	IBERDROLA accepts that the environment places constraints on all human activities and is a factor of companies' competitiveness, and it is committed to promoting innovation in this field and also eco-efficiency, to gradually reducing the environmental impact of its activities, facilities, products and services, and striving to ensure that its activities' development is congruent with future generations' legitimate right to an appropriate environment. Our main water risks are water-stressed areas, where IBERDROLA has not presence. This has been evaluated using the methods selected in the previous column. Once the most significant risks have been selected, the controls needed to mitigate or manage them are selected and designed; such controls are monitored, documented, and systematically reviewed by internal audit. The risks selected are reviewed at least on an annual basis, within the framework of the assessment of the effectiveness of internal control carried out by the persons or divisions responsible therefore.

W2.6

Which of the following contextual issues are always factored into your organization's water risk assessments?

Issues	Choose option	Please explain
Current water availability and quality parameters at a local level	Relevant, included	The World Resources Institute defines areas where per capita water supply drops below 1,700 m3/year as water-stressed areas, where disruptive water shortages can frequently occur. AQUASTAT is FAO's global information system on water and agriculture, it collects, analyzes, and publicizes information on water resources, water uses, and agricultural water management. By using this method, IBERDROLA affirms that the Company DOES NOT have any plant located in any area considered.
Current water regulatory frameworks and tariffs at a local level	Relevant, included	Relationships geared to the enactment of efficient regulatory provisions allowing for development of a competitive market in activities not subject to a natural monopoly and sufficient remuneration for regulated businesses. There is a continuous and constructive dialogue. As a general rule, we work for the respect for the principles of good regulation: proportionality, effectiveness and efficiency, responsibility and independence, consistency and credibility and, transparency and clarity.
Current stakeholder conflicts concerning water resources at a local level	Relevant, included	IBERDROLA takes various types of actions to minimise, mitigate, and offset unfavourable socioeconomic impacts that might be caused by its facilities. Various actions are taken to benefit the community, including: improvements in communication infrastructure, water supply or roadways; public lighting; creation of direct and indirect employment; professional training courses; activities to support entrepreneurs, etc.
Current implications of water on your key commodities/raw materials	Relevant, included	Materiality Analysis for IBERDROLA by KPMG in late 2015 has reflected a low risk associated with the supply of water (5% of significance).
Current status of ecosystems and habitats at a local level	Relevant, included	Collection and discharges during 2015 were within the limits indicated by the relevant environmental permits, no anomalies were detected that could materially affect water resources or related habitats. Our activities can even be beneficial for the ecosystem. This is the case of Altamira plants in Mexico, which discharge into the Garrapatas estuary, allowing it to recover its salinity and thus the specific characteristics of this habitat and the species of fauna and flora adapted thereto.
Current river basin management plans	Relevant, included	Periodically monitoring of the state of the most sensitive reservoirs is performed, in order to ensure the quality of their water to avoid possible problems of eutrophication and thermal stratification.
Current access to fully-functioning WASH services for all employees	Relevant, included	The health and safety of our employees is an indispensable goal of IBERDROLA, ensuring implementation of the human right to water and sanitation. This follows the UN Guiding Principles for Business and Human Rights and is aligned with UN Sustainable Development Goal number 6.
Estimates of future changes in water availability at a local level	Relevant, included	IBERDROLA DOES NOT have any plant located in any area considered Water Stressed, but we are aware of all areas suffering this problem. Anyway, IBERDROLA has a tool for developing water maps for all of each plants, available to its users and all the information regarding disclosure of the water strategy of the Company, is published in the the Water CEO Mandate webpage.
Estimates of future potential regulatory changes at a local level	Relevant, included	IBERDROLA is acquainted with concerns and proposals of regulatory entities and puts forward its own opinions in legitimate defence of its interests and those of its shareholders, customers and users. It actively participates in public hearings by regulatory entities to ascertain opinions of the players involved in the processes, and in official processes of enactment of laws and regulations and monitoring of its application.

Issues	Choose option	Please explain
Estimates of future potential stakeholder conflicts at a local level	Relevant, included	Consultations and permits with the potential population and regular meeting with local authorities are held.
Estimates of future implications of water on your key commodities/raw materials	Relevant, included	Despite having large water storage capacity,our results depend significantly on the flow contributions. Changes in output with respect to the average value can be up to -4,000GWh in a dry year and +5,000GWh in a wet year,with dry years being more likely than wet years.The variability would be between € -150/+100 million.
Estimates of future potential changes in the status of ecosystems and habitats at a local level	Relevant, included	Most of the energy infrastructure projects are subjected to an environmental impact assessment. The Company works to minimise the impact that its infrastructures may have on the land, people, companies, communities and the environment. In Spain, together with the University of Salamanca, IBERDROLA promotes the development of methods to measure and financially value the eco-systemic services provided by the construction of hydroelectric infrastructure. As an example, the EMBECO project: an ecological study of the Villalcampo and Castro dams.
Scenario analysis of availability of sufficient quantity and quality of water relevant for your operations at a local level	Relevant, included	The availability of water is critical to ensure a good quality of life of the population where our Company carries on its business, which is directly related to local generation and energy supply security. Climate changes can have an effect on greater or lesser availability of water resources for energy generation.
Scenario analysis of regulatory and/or tariff changes at a local level	Relevant, included	IBERDROLA also participates in the regulatory process through domestic and international trade associations.Particularly significant are Unesa (Spain) and Eurelectric (Europe).We have also presence in forums and organisations that engage in discussions and research on regulatory matters. IBERDROLA is also involved in some lobbying activities. In February 2012, IBERDROLA registered within the Transparency Register,created by European institutions.
Scenario analysis of stakeholder conflicts concerning water resources at a local level	Relevant, included	Impact studies, public consultations and work with stakeholders are performed at the majority of projects to keep the environmental impact as low as possible. By considering broad social and environmental issues in our daily decision-making we are more likely to achieve our goals. Delivering through this approach ensures we bring benefits to customers, employees, communities and the environment.
Scenario analysis of implications of water on your key commodities/raw materials	Relevant, included	Despite having large water storage capacity,our results depend significantly on the flow contributions. Changes in output with respect to the average value can be up to -4,000GWh in a dry year and +5,000GWh in a wet year,with dry years being more likely than wet years.The variability would be between € -150/+100 million.
Scenario analysis of potential changes in the status of ecosystems and habitats at a local level	Relevant, included	Hidden services provided by reservoirs. Biovalora project was started by the Basque Ecodesign Centre (IHOBE) and has been supported by IBERDROLA throughout. It aims to define a methodology for assessing the economic impact of significant value of these "hidden services" provided by reservoirs. The project was carried out in the Tera river basin (Zamora); to be more specific, at the following power plants: Cernadilla (installed capacity of 30 MW and reservoir capacity of 255 Hm3), Valparaíso (68 MW and 162 Hm3) and Agavanzal (24 MW and 34 Hm3). These facilities were selected because they combined a representative number of the ecosystem services to be assessed, such as supplying water for fire

Issues	Choose option	Please explain
		prevention, irrigation and human consumption, flood control, recreational tourism, water treatment, etc. In order to ensure the most reliable results, it was decided to cover the longest possible period of time. For data availability reasons, the period chosen ended up being the last 10 years.
Other		

W2.7

Which of the following stakeholders are always factored into your organization's water risk assessments?

Stakeholder	Choose option	Please explain
Customers	Relevant, included	With IBERDROLA 's commitment with society, we are developing awareness campaigns on saving and water use efficiency. For instance, in 2013 water improvement and repurposing projects have been carried out and several "Energy Classrooms" that offer educational space to the public have been opened. The Company has also made some Campaigns in order to arising awareness given some tips related to water use such as, tips related to Washing Machine and Tumble Dryer and also Dishwasher. The main goal of these tips is to care for the environment at the same time that our consumers can also save money.
Employees	Relevant, included	IBERDROLA uses social media as an effective tool to sensitize both its employees and society. In 2015, news were published on its internal page, on the website against climate change, that demonstrates our interest and commitment.
Investors	Relevant, included	IBERDROLA supports transparency regarding water strategy of the company. Signatory of the Global Round Table on Climate Change. In March 2012 the Water CEO Mandate was signed. IBERDROLA answers from the first year of its creation the questionnaire CDP Water and all 2013 information is published in the the Water CEO Mandate webpage, available for everyone. This questionnaire will also be uploaded making all the 2015 information public.
Local communities	Relevant, included	Actions taken to benefit the community: improvements in communication infrastructure; water supply or roadways; public lighting; creation of employment; professional training courses; activities to support entrepreneurs, etc. An example: installation of systems for capturing and storing rainwater for human consumption in the area around the Caetité windfarm in inland Bahia (Brazil). This initiative supply water to over 3,300 homes that currently have no connection to the general water system, and no access to any type of storage resource. IBERDROLA and NEOENERGIA will work on this project with the Brazilian Ministry for Social Development and the Fight against Hunger

Stakeholder	Choose option	Please explain
NGOs	Relevant, included	<p>(MDS) as part of the Water for All programme.</p> <p>Prior to the official start of any procedural phase for project under development, IBERDROLA sends a project memorandum to a large group of NGOs that might have an interest in it. As an example of collaboration with NGOs, IBERDROLA participates in threatened species-conservation projects. Fundación Iberdrola collaborated with the NGO Alianza por la Solidaridad Development in a project included in the Water and Sanitation Fund of the Spanish Agency for International Development Cooperation (Agencia Española de Cooperación Internacional para el Desarrollo) (AECID). The aim of this initiative is to improve drinking water and sanitation conditions through the development of accessible power systems. The project is carried out in 6 municipalities of the Chinandega Norte region in Nicaragua, inhabited by isolated rural communities, with a highly vulnerable population living in a state of structural poverty.</p>
Other water users at a local level	Relevant, included	<p>Impact studies, public consultations and work with stakeholders are performed at the majority of projects to keep the environmental impact as low as possible. Termopernambuco thermal power plant runs an R&D+i programme, the following environmental projects are particularly noteworthy: development and implementation of artificial reefs near the plant to recover the habitat and fishing resources intended for local fishermen; and development of a biodegradable oil for the hydraulic systems in hydroelectric plants to prevent environmental damage caused by oil spilling into water.</p>
Regulators	Relevant, included	<p>IBERDROLA is acquainted with the concerns and proposals of regulatory entities and puts forward the Company's own opinions in the legitimate defence of its interests and those of its shareholders, customers and users. It also actively participates both in "public hearings" held by regulatory entities in order to ascertain the opinions of the players involved in the processes prior to the revision of regulations or the determination of domestic energy policies, and in the official processes of enactment of the laws and regulations and the monitoring of the application thereof. As a general rule, IBERDROLA works for the approval of and respect for the principles of good regulation: proportionality, effectiveness and efficiency, responsibility and independence, consistency and credibility and, finally, transparency and clarity.</p>
River basin management authorities		<p>During the construction and operation of its facilities, IBERDROLA carries out activities unrelated to its facilities without a specific commercial purpose, intended to meet the needs of the social environment, resolving needs in neighboring communities. For this purpose, IBERDROLA cooperates with local authorities. At Escombreras CCGT, there has been a collaboration with the Public Administration, within the framework of the Association of the Valley of tailings, unifying the checks carried out by companies that pour into the body of water called The mistress-Punta Gables to ensure reliable information on which synergies of discharges of different activities are taken into account. Establishment of homogeneous indicators for control, as MEDOCC index and / or BOPA (presence or absence of species of benthic indicator of contamination), and CARLIT index and / or BENTHOS (presence or absence of species of macroalgae indicator of contamination).</p>
Statutory special interest groups at a local level	Relevant, included	<p>Examples in 2015: Participation and collaboration in application of prevention measures to avoid Mejillón Cebra propagation (Ebro Hydrographi Confederation Water Department, Spain). Requested materials necessary for circulating water from deep well in the Community "Cuixcuatitla" are provided Tamazunchale (México) In the Hydraulic Generation field.</p>
Suppliers	Relevant, included	<p>IBERDROLA tries to act as reference in water management for all its contractors and suppliers. There are commitments in the Purchasing area to foster environmental responsibility and promote strict compliance by suppliers with contractual</p>

Stakeholder	Choose option	Please explain
		conditions and current legislation, with particular emphasis on respect for the principles established in the United Nations Global Compact. IBERDROLA's Procurement Division has a Global Supplier Management Model. None of our suppliers is exposed to water-related risks. IBERDROLA considers its supply chain on the Water indicators, in the countries that suffer water-stress, the company does not perform any activity in the procurement area.
Water utilities/suppliers at a local level	Relevant, included	Water related risk are managed through quality processes and periodic audits. Measures adopted to promote proper environmental behaviour of suppliers are based on the Procurement Policy, the Suppliers' Code of Ethics, and the specific environmental clauses in the contracting terms of the Group. Subsequently, during the supply stage, the business units monitor the environmental performance of the supplier during the term of the contract. No supplier with negative environmental impact has been detected.
Other		

W2.8

Please choose the option that best explains why your organisation does not undertake a water-related risk assessment

Primary reason	Please explain
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Further Information

Module: Implications

Page: W3. Water Risks

W3.1

Is your organization exposed to water risks, either current and/or future, that could generate a substantive change in your business, operations, revenue or expenditure?

Yes, direct operations and supply chain

W3.2

Please provide details as to how your organization defines substantive change in your business, operations, revenue or expenditure from water risk

Based on the “Falkenmark Indicator” and “Water stress index”, Iberdrola defines water stress as the amount of water $1700\text{m}^3 /(\text{person}^* \text{ year})$. This method defines water scarcity in terms of the total water resources that are available to the population of a region; measuring scarcity as the amount of renewable freshwater that is available for each person each year. If the amount of renewable water in a country is below 1.700m^3 per person per year, that country is said to be experiencing water stress; below 1000m^3 it is said to be experiencing water scarcity; and below 500m^3 , absolute scarcity. So according with this definition the Iberdrola Group has no power plants located in areas considered to have water stress.

Liberalised business (including electricity generation) accounted for 31% of IBERDROLA’s EBITDA in 2015. Hydropower generation accounted for 12% of the total production in 2015. New hydropower generation will be developed and will enter into operation during the year 2016, in Spain and Brazil.

Substantive changes are defined as those events with potential impacts in IBERDROLA Group’s EBITDA (decrease or increase of 5% of EBITDA).

W3.2a

Please provide the number of facilities* per river basin exposed to water risks that could generate a substantive change in your business, operations, revenue or expenditure and the proportion this represents of total operations company-wide

Country	River basin	Number of facilities exposed to water risk	Proportion of total operations (%)	Comment
Spain	Douro	6	6-10	We have considered Douro river basin that has 6 hydraulic plants with 7.59% of total production capacity in 2015 (28% of the IBERDROLA's hydraulic production and 3.2% of the total production of the Group in 2015). The relevance of these facilities is due to the specificity of these centers of production. Iberdrola Group has no power plants located in water-stressed areas.
Brazil	Sao Francisco	1	Less than 1%	We have considered Sao Francisco river basin that has 1 hydraulic plant (Itapebi) with 0.39% of total production capacity in 2015 (4% of the IBERDROLA's hydraulic production and 0.46% of the total production of the Group in 2015). This facility is IBERDROLA's bigger hydro-power station in Brazil. Iberdrola Group has no power plants located in areas considered to have water stress.
United Kingdom	Other: Lock Awe	1	Less than 1%	We have considered Lock Awe basin that has 1 hydraulic plant (Cruachan) with 0.95% of total production capacity in 2015 (3% of the IBERDROLA's hydraulic production and 0.39% of the total production of the Group in 2015). This facility is IBERDROLA's bigger hydro-power station in UK. Iberdrola Group has no power plants located in areas considered to have water stress.
Mexico	Other: Diffetent rivers	5	6-10	We have considered our 5 Combined Cycle Plants (CC Dulces Nombres , CC Altamira II y IV, CC Altamira V, CC Laguna and CC Tamazunchale) with 10% of total production capacity and located in different river basins in Mexico. These CCGT power plants were the 26.5 % of the total production of the Group in 2015. Iberdrola Group has no power plants located in areas considered to have water stress. Mexico is risk-relevant due to the water quality at the CCGTs power plants. The reuse of wastewater for the cooling systems of some plants in Mexico (Monterrey, La Laguna) is also noteworthy. At the La Laguna plant, all water withdrawn is wastewater, which is filtered at the facility.

W3.2b

Please provide the proportion of financial value that could be affected at river basin level associated with the facilities listed in W3.2a

Country	River basin	Financial reporting metric	Proportion of chosen metric that could be affected within the river basin	Comment
Spain	Douro	% generation capacity	1-5	We have considered Douro river basin that has 6 hydraulic plants with 7.59% of total production capacity in 2015. (28% of the IBERDROLA's hydraulic production and 3.2% of the total production of the Group in 2015). The relevance of these facilities is due to the specificity of these centers of production. Iberdrola Group has no power plants located in water-stressed areas.
Brazil	Sao Francisco	% generation capacity	Less than 1%	We have considered Sao Francisco river basin that has 1 hydraulic plant (Itapebi) with 0.39% of total production capacity in 2015 (4% of the IBERDROLA's hydraulic production and 0.46% of the total production of the Group in 2015). This facility is IBERDROLA's bigger hydro-power station in Brazil. Iberdrola Group has no power plants located in areas considered to have water stress.
United Kingdom	Other: Lock Awe	% generation capacity	Less than 1%	We have considered Lock Awe basin that has 1 hydraulic plant (Cruachan) with 0.95% of total production capacity in 2015 (3% of the IBERDROLA's hydraulic production and 0.39% of the total production of the Group in 2015). This facility is IBERDROLA's bigger hydro-power station in UK. Iberdrola Group has no power plants located in areas considered to have water stress.
Mexico	Other: Different rivers	% generation capacity	6-10	We have considered our 5 Combined Cycle Plants (CC Dulces Nombres , CC Altamira II y IV, CC Altamira V, CC Laguna and CC Tamazunchale) with 10% of total production capacity and located in different river basins in Mexico. These CCGT power plants were the 26.5 % of the total production of the Group in 2015. Iberdrola Group has no power plants located in areas considered to have water stress. Mexico is risk-relevant due to the water quality at the CCGTs power plants. The reuse of wastewater for the cooling systems of some plants in Mexico (Monterrey, La Laguna) is also noteworthy. At the La Laguna plant, all water withdrawn is wastewater, which is filtered at the facility.

W3.2c

Please list the inherent water risks that could generate a substantive change in your business, operations, revenue or expenditure, the potential impact to your direct operations and the strategies to mitigate them

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
United States of America	Other: All river basins where IBERDROLA is located	Physical-Flooding	Closure of operations	This is not a relevant risk for IBERDROLA nowadays, because of the location of our facilities. Future floods may affect the operation of power stations, including the hydro capacity available leading to different global operational costs and stop for maintenance. It may also put electricity substations at risk.	1-3 years	Unlikely	Low-medium	Develop flood emergency plans Infrastructure maintenance	€21.2 million	Depending on the availability of water, climatic variation has the potential to impact our hydro operations, cooling requirements of thermal power stations, thermal efficiencies of our power plant, patterns of energy load growth and the robustness of our transmission and distribution infrastructure in response to more extreme weather variations. IBERDROLA has developed a strong awareness of

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										<p>the physical risks associated with water availability. The assessment of risk is an ongoing activity, which is developed at various levels of risk control within the company. The risks are informed by individual assessment, industry experience and assistance from various expert groups. As an example of response strategy, storms affected our operations in Maine area at the beginning of 2015. The</p>

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										<p>restoration and support efforts by IBERDROLA USA subsidiaries is a clear example of best practice during emergency situations produced by climate disasters. In UK, ScottishPower Energy Networks' engineers also responded to a number of severe storm force weather events over the course of the 2015 winter. The response was quick and effective in both cases. The cost to cope with this</p>

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										risk in 2015 corresponds to activities in environmental prevention and environmental impact remediation like prepare substation spill plans and effluent treatment.
Spain	Other: All river basins where IBERDROLA is located	Regulatory-Poor enforcement of water regulation	Brand damage	Nowadays, financial crisis has taken first importance in the political scenario; new policies on climate change and nuclear generation (after Fukushima) are uncertain. Changes in environmental regulations during 2013 made uncertain the future for electric utilities in Spain. Changes in regulations with less requirements may affect the IBERDROLA Group's business as soon as other companies with	1-3 years	Probable	Medium	Engagement with public policy makers	€10.6 million	In relation to the insurance cover, IBERDROLA has international insurance programmes to cover equity (insurance for material damages, machinery breakdowns, loss of profits, damages from natural disasters and risks arising from

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				lower financial, social and environmental commitment may gain competitive advantage reducing the Group's turnover. It can also lead to an increase in our insurance premiums.						construction work) and third-party liabilities (general civil liability, liability for environmental risks, professional civil liability, etc.). The cost to cope with this risk in 2015 corresponds to these insurances.
Brazil	Other: All river basins where IBERDROLA is located	Reputational- Inadequate access to water, sanitation and hygiene	Brand damage	Access to water resources and sanitation is essential for the development of any population and business. The risk of difficult access in the future long-term, can damage directly to the production on the overall mix of our Company, any risks associated with the production, possible investments and its	4-6 years	Unlikely	Low-medium		€1.6 million	The materiality analysis for IBERDROLA by KPMG in 2015 has reflected a low risk associated with the supply of water. The availability of water is critical to ensure a good quality of life of the population

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				image.						where our Company carries on its business, IBERDROLA has installed systems for capturing and storing rainwater for human consumption in the area around the Caetité windfarm in inland Bahia (Brazil). This initiative will supply water to over 3,300 homes that currently have no connection to the general water system, and no access to any type of storage resource. IBERDROLA and NEOENERGIA will work on

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										this project with the Brazilian Ministry for Social Development and the Fight against Hunger (MDS) as part of the Water for All programme. IBERDROLA has also joined the challenge of achieving the objectives of Sustainable Development Goals (SDGs), including Goal 6: Clean water and sanitation.
Mexico	Other: All river basins where IBERDROLA is located	Other: Poor Water Quality	Higher operating costs	Independent separation networks are used for industrial and sanitary water. The latter is subjected to final treatment in biodigesters, whereas process water goes through hydrocarbon	>6 years	Unlikely	Low-medium	Increased investment in new technology	€0.06 million	The principal water withdrawn within the Group's activities takes place in the cooling systems,

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				<p>separators before its return to the natural medium. La Laguna plant collects sewage for its processes, and the water discharged by this plant has better quality than the collected water. Main plants affected: Monterrey, Altamira (all groups), La Laguna, and Tamazunchale.</p>						<p>processes and standby services for the thermal generation plants. Most of the water is returned to the environment, partly as evaporated water and the rest included in discharges from the facilities. In all our plants, water is discharged under constant monitoring of various parameters (temperature, turbidity, conductivity, etc.) by the Company and the Administration, to make sure that the characteristics of the effluent</p>

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										are always below the established limits. At La Laguna and Monterrey combined cycle plants a system has been designed for reusing water from the pool. Costs to cope with this risk in 2015 have been generated by effluent treatment activities investments.
Spain	Other: All river basins where IBERDROLA is located	Physical-Declining water quality	Higher operating costs	Access to water resources is essential to the development of any population and business. Even if IBERDROLA's facilities are located in an excellent strategic position not being object of water risk in the short term, we are aware that pollution	4-6 years	Probable	Low-medium	Increased investment in new technology	€7.4 million	All the thermal power-generation plants in Spain have treatment systems that treat residual water before discharging it into the natural receptor

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				and poor water quality could lead to a possible damage to plants, reducing production, increasing the stops for maintenance or even close.						environment. Water from the process undergoes physicochemical treatment, which includes the separation of hydrocarbons. Wastewater is treated in compact treatment systems with biological aerobic processes. As regards the treatment of discharges, at the Veilla thermal plant in Spain, biological treatment for desulphurisation commenced in April 2012 at the Effluents Treatment Plant, to reduce nitrides

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										<p>and nitrates in the discharge. An exhaustive inspection was performed of the water used in the direct production process at the Cofrentes nuclear power plant. All of the effluents from the water-steam cycle, from the reactor coolants, and from the standby systems are processed in the liquid waste treatment system and are returned to the cycle for reuse. The cost to cope with this risk in 2015 corresponds to purchase</p>

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										costs derived from effluent treatment equipment.
United Kingdom	Other: All river basins where IBERDROLA is located	Physical-Projected water scarcity	Constraint to growth	Given the importance of hydropower generation for IBERDROLA, a decrease in rainfall would have a negative effect on the overall mix of the company. IBERDROLA is likely to adjust investment and maintenance strategies. For our thermal plants, the operation of stations may be impacted via temperature changes to the coolants used to manage the steam production, waste and by product heat. This may require recalibration of certain plan operations.	>6 years	Unlikely	Medium		€0.4 million	IBERDROLA's facilities are located in an excellent strategic position not being object of physical risk in the short term. In existing facilities critical elements are being reinforced, and physical security requirement is a priority element considered in the construction of the new facilities. The Group is aware of future scarcity problems,

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										<p>especially fresh water for population and ecosystems. No situations were recorded during 2015 that significantly affect water resources or the habitats associated with the water-collection points, which are for the most part significant masses of fresh water or salt-water. IBERDROLA has developed a very strong awareness of the physical risks associated with water availability. In the UK, the company is working with</p>

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										<p>Government (DEFRA – Department of Environment, Food and Rural Affairs) to develop plans for resilience, flooding and adaptation for the industry. Our key assets need to have adaptation and resilience plans ascribed to them. The materiality analysis developed in 2015 reflected a low risk associated with the supply of water. However, IBERDROLA tries to focus its efforts to solve problems which could</p>

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										<p>arise since stakeholders attach significance to reduction and performance targets in various environmental areas, such as emissions, water consumption, waste generation, etc., and pay special attention to efficiency in the management of resources and to the external verification of emissions data. The cost to cope with this risk in 2015 is a percentage of investments in effluent treatment</p>

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										activities.
Spain	Other: All river basins where IBERDROLA is located	Regulatory-Increased difficulty in obtaining withdrawals/operations permit Regulatory-Lack of transparency of water rights	Constraint to growth	Tightening on regulations and standards will require the Company to invest in complying with high environmental impact studies, obtaining licences ,permits and other mandatory authorisations.Operational impacts related to disruptions in business operations will increase due to more environmental restrictions to new plants. IBERDROLA may be subject to legal claims for future damages, or penalties derived from waste, emissions, or spillages which might affect the Group's image and reputation.	Current-up to 1 year	Probable	Medium	Engagement with public policy makers Engagement with other stakeholders in the river basin	€2.6 million	In order to prevent any impact, IBERDROLA relies on transparency and environmental management systems.100% IBERDROLA hydro generation facilities in Spain are under ISO 14000 System: minimising environmental risks, thus improving the Company's environmental management in line with its commitment to environmental protection. The cost to cope with this risk in 2015 is

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										a Cost percentage in of the investment in new infrastructure.
United Kingdom	Other: All river basins where IBERDROLA is located	Regulatory-Regulatory uncertainty	Constraint to growth	The development of the European Water Frame Directive could cause disruptions in business operations, it is the water legislation to be produced by the European Commission,a set of guidelines for managing large bodies of water, improving water quality and reducing potential hazards such as flooding. Each member state planning to protect and improve rivers, lakes and coastal waters, to prevent flooding and manage droughts.	1-3 years	Probable	Medium	Engagement with public policy makers	€0.42 million	In the UK this includes River Basin Management Plans for distinct areas, published in December 2009. We are engaged with regulatory bodies and continue to work through assessment arrangements for implementation of measures arising from the WFD. The cost to cope with this risk in 2015 is the sum of insurance costs and

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										environmental management system costs.
Spain	Other: All river basins where IBERDROLA is located	Other: Reputational Damage	Brand damage	The Iberdrola Group believes that the strategy commitment with environment and society has benefits achieving higher brand recognition and improving its corporate reputation. Any company's involvement and management of crisis situations could have a damaging effect on reputation.	>6 years	Probable	Medium		€9 million	A new specific policy focused on stakeholder engagement was approved in early 2015: "Stakeholder Relations Policy". IBERDROLA is also developing a Stakeholder Engagement Management System, to control reputation risks. There is a Reputation Committee in order to coordinate and monitor the reputational and corporate responsibility issues in the IBERDROLA Group.

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										<p>IBERDROLA, member of the Spanish-based Corporate Reputation Forum, from 2005/2006 implemented the REPTRAK tool in conjunction with the Reputation Institute and other members of the Forum, using REPTRAK to obtain information on the impact of its social contributions. Each quarter, this econometric model measures general public opinion on the corporate reputation of</p>

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										IBERDROLA, competitors and other companies. The REPTRAK tool studies 26 attributes relating to a company's corporate reputation. These attributes are classified under seven dimensions, one is "citizenship" with three attributes which are analysed regularly: 1) Contributes positively to society; 2) Supports social causes; and 3) Protects the environment.
Spain	Other: All	Physical-Increased	Other:	Despite having a large	1-3 years	Probable	Medium-	Water	€ 31.1	Although the

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
	river basins where IBERDROLA is located	water scarcity	Loss of Profit	water storage capacity, IBERDROLA's results depend significantly on the flow contributions. The changes in output with respect to the average value can be up to -4,000,000 MWh in a dry year and +5,000,000 MWh in a wet year, with dry years being more likely than wet years.			high	management incentives	million	effect depends on the time of year in which the rains occur, and many other physical parameters of the facilities, considering the high inverse correlation between the water availability and the price of electricity, the variability would be between EUR -150/+100 million. The lost profit would not be covered as it is considered an risk inherent to IBERDROLA. Cost percentage in investment in new

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										infrastructure.

W3.2d

Please list the inherent water risks that could generate a substantive change in your business operations, revenue or expenditure, the potential impact to your supply chain and the strategies to mitigate them

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
Spain	Other: All river basins where IBERDROLA is located	Regulatory- Changed product standards	Higher operating costs	As a consequence of the fulfilment of future new standards by the suppliers and the facilities adaptation to these new raw materials may increase operational costs.	>6 years	Unlikely	Low-medium	Engagement with suppliers Increased investment in new technology	€10 million	%5 amount invested in R&D in IBERDROLA FY2015. IBERDROLA is committed to research, development and innovation, which are strategic variables for confronting the challenges facing the Company. We

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										<p>are in a continuous improvement to adapt all our facilities by implementation of an innovative management and technology strategy over the last decade, which has led us to become a world leader and benchmark in R&D, thanks to the successful implementation of a common model in all areas, collaboration with our technology providers and the promotion of culture of innovation. We value building strong relationships with our diverse suppliers; these relationships give us the competitive advantage as being one of the best in the utility market. Through our efforts, we are able to seek</p>

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										out suppliers who are capable of providing the best service in terms of cost, quality and delivery. We have in place a Contracting and relationship with suppliers policy. The cost to cope with this risk is based on our R&D investment.
Spain	Other: All river basins where IBERDROLA is located	Reputational-Negative media coverage	Brand damage	Our company can be involved in a problem of a supplier, despite being totally outside them. This may result in a damage on the image and reputation of the Group, and finally in a reduction in capital availability.	>6 years	Unlikely	Low-medium	Engagement with suppliers	€11 million	IBERDROLA has developed a GLOBAL SUPPLIER MANAGEMENT MODEL (including a Total Supplier Management System) that enables the company to register and classify its suppliers. Tenders by IBERDROLA include contractual conditions requiring that the parties act within stringent levels of security, occupational risk

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										<p>prevention, and respect for the environment. Once the suppliers have registered in our Global Suppliers Management System, suppliers are evaluated on the basis of their technical and production capabilities, among other things, and their status in the following areas is weighted:</p> <ul style="list-style-type: none"> - Quality - Safety and occupational risk prevention - Environment - Social Responsibility - Economic and financial condition - Prior references - Anti-bribery & Corruption assessment. <p>The status of suppliers as regards sustainability, the first four areas mentioned above, has a weight of</p>

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										40% in the total score. To improve the status of suppliers with a lesser performance in this area, involvement, awareness-raising and motivation activities are conducted throughout the year, in order for suppliers to achieve certification in quality, the environment and/or occupational risk prevention. The cost to cope with this risk in 2015 is related to Environmental Management System Costs and Supplier Management Cost.
Spain	Other: All river basins where IBERDROLA is located	Physical-Flooding	Higher operating costs	Increased operational cost related to important materials for ongoing business	>6 years	Unlikely	Medium	Infrastructure maintenance	€8.8 million	Environmental Corporate Department has included, as part of the Environmental Scorecard of the Group, the most

Country	River basin	Risk driver	Potential impact	Description of impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				operation.						important operational risks per region and business to get an overall view and to raise coordinated actions plans if needed. IBERDROLA, by supporting environmental certification of their suppliers, makes possible to minimize the risk of natural disasters including floods. Moreover, to minimise the impact of possible incidents, insurance policies are contracted. The cost associated with this risk has been calculated as the 10% of investments in new plants in Spain.

Please choose the option that best explains why you do not consider your organization to be exposed to water risks in your direct operations that could generate a substantive change in your business, operations, revenue or expenditure

Primary reason	Please explain
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W3.2f

Please choose the option that best explains why you do not consider your organization to be exposed to water risks in your supply chain that could generate a substantive change in your business, operations, revenue or expenditure

Primary reason	Please explain
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W3.2g

Please choose the option that best explains why you do not know if your organization is exposed to water risks that could generate a substantive change in your business operations, revenue or expenditure and discuss any future plans you have to assess this

Primary reason	Future plans
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Further Information

W4.1

Does water present strategic, operational or market opportunities that substantively benefit/have the potential to benefit your organization?

Yes

W4.1a

Please describe the opportunities water presents to your organization and your strategies to realize them

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Please explain
Company-wide	Carbon management Cost savings	Due to the increase of hydraulic production capacity as consequence of physical changes (increased of rainfall patterns), costs savings could be experimented. Hydraulic production is cheaper than others, such as thermal and cogeneration production, not only for the operational cost but also for the cost of CO2 rights. Furthermore, hydropower production does not emit CO2.	>6 years	IBERDROLA will invest in Hydro Power Plants according to its Strategic Plan 2016/2020: 1,160 MW in Spain and Hydro power through Neoenergía in Brazil, as well as mini-hydro plants in other locations. In Portugal, IBERDROLA has begun work on construction of a 1,200 MW hydroelectric storage facility at the River Tamega, which should be up and running by 2023.
United Kingdom	Cost savings	Due to reducing water use and the need for discharge permits as a consequence of operational efficiency, re-use waste water, and rainwater collection costs savings could be experimented.	Current-up to 1 year	In Daldowie Sludge Processing Plant, the effluent, previously treated and filtered, is recycled for use in its manufacturing processes. In the United Kingdom, the Rye House combined cycle power station can reduce water use through a rainwater collection system which, after being treated, is used as process water. Half of ScottishPower's wind farms have rooftop rainwater collectors and storage tanks to use the water at the control buildings.
United	Cost savings	Due to reducing water use and the need for discharge	Current-up	At the Klamath cogeneration plant in the United States

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Please explain
States of America		permits as a consequence of operational efficiency, re-use waste water, costs savings could be experimented.	to 1 year	of America, the water collected for cooling comes from municipal wastewater treatment stations and is treated at the Company's plants, producing a positive impact by returning water to the environment that is of higher quality than that withdrawn.
Mexico	Cost savings	Due to reducing water use and the need for discharge permits as a consequence of operational efficiency, re-use waste water, costs savings could be experimented.	Current-up to 1 year	At the La Laguna and Monterrey combined cycle plants in Mexico, the water collected for cooling comes from municipal wastewater treatment stations and is treated at the Company's plants, producing a positive impact by returning water to the environment that is of higher quality than that withdrawn.
Spain	Cost savings	Due to reducing water use and the need for discharge permits as a consequence of operational efficiency, costs savings could be experimented.	Current-up to 1 year	At Tarragona Power CCGT, part of the water collected is reused as steam, supplying calorific energy (168 GWh), used for industrial processes or heating systems. At Escobreras CCGT, there was a reduction in the consumption of potable water at the demineralised water treatment plant, reusing industrial effluents generated by the plant.
Company-wide	Increased brand value	Improve image due to IBERDROLA's water-related actions.	1-3 years	IBERDROLA promotes the transparency of its actions through the EMAS. IBERDROLA is signatory of the Global Round Table on Climate Change and the CEO Water Mandate .Information on water strategy through CDP Water is published in the Water CEO Mandate webpage. No situations were recorded during 2015 that significantly affect water resources or the habitats associated with the water-collection points. 45.18% of captured water is seawater or saltwater and does not occur in protected areas.
Company-wide	Improved community relations Increased shareholder value Other: Positive impacts of electricity	Activities related to the electricity generation, where hydraulic plants have a key role, have the potential to have the most significant indirect impact, and the studies and analysis to identify such impacts takes place during the governmental process for approval by the competent bodies, normally during the environmental impact studies.	4-6 years	Electricity facilities are built in dispersed geographic locations, often in depressed areas. This generates economic activity,boosting the regional economy and generates significant employment.In addition, it strengthens the development of the related infrastructure, especially in rural areas,and results in improvements to port infrastructure. Electricity activity generates taxes, tributes, and levies and allows for the generation of significant income.

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Please explain
	generation			
Mexico	Improved water efficiency Innovation	Dulces Nombres combined cycle plant uses treated wastewater in its operations.	Current-up to 1 year	Dulces Nombres combined cycle plant has been recognised by the public institution Servicios de Agua y Drenaje de Monterrey (SADMON) due to its work with treated wastewater. It was pioneer in the use of this kind of water.
Company-wide	Cost savings	Rainwater collectors may be installed in areas where rain is usually high.	4-6 years	At some of ScottishPower's wind farms, the control buildings have rooftop rainwater collectors and storage tanks to use the water.
Company-wide	Increased brand value Other: re	CDP 2013 study comparing KPI (water used/ sales) among different utilities has been very useful for increasing our reputation.	Current-up to 1 year	We are publishing this information in our webpage and Sustainability Report because it reinforces our management.
Company-wide	Climate change adaptation Improved community relations	Sustainable Development Goals have been included in IBERDROLA's Sustainability Policy, including Goal 6 (Clean Water and Sanitation), Goal 14 (Conserve and sustainably use the oceans, seas and marine resources) and Goal 15 (Sustainably manage forest, combat desertification, halt and reverse land degradation, halt biodiversity loss).	>6 years	Sustainable Development Goals have been included in IBERDROLA's Sustainability Policy, including Goals 6, 14 and 15. Also, IBERDROLA has elaborated its Environmental Footprint: The Organisation Environmental Footprint (OEF) is defined as: "A multi-criteria measure of the environmental performance of a goods/services providing organization from a life cycle perspective. The main objective of an OEF is to reduce the environmental impact derived from the organisation's activities.
Company-wide	Improved water efficiency Innovation R&D	Flexibility and operational efficiency and facility safety: there have been important advances in FILTRACIONES project, developing a new methodology for efficient inspections on water channels.	4-6 years	The overall objective of the project is to research and develop a new methodology for conducting efficient inspections hydraulic channels through research and development of techniques to analyze the characteristics of the materials of the land and own infrastructure for early detection of abnormalities, ensuring the structural integrity of the channels, reducing the impact on hydrological channels and improving maintenance and operation of hydro assets of IBERDROLA Generation.
United Kingdom	Carbon management	Offshore wind farms allow produce electricity without emitting GHG, having a carbon management and a	4-6 years	IBERDROLA is continuing its East of Anglia project in the North Sea which, along with the Wikingier offshore

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Please explain
	Competitive advantage Increased brand value Innovation R&D	competitive advantage over other utilities. Innovation and R&D are important aspects to consider in the construction of such plants. This kind of projects give value to the brand.		wind farm in the Baltic Sea (Germany), will add 1,100 MW to IBERDROLA's offshore installed power output.

W4.1b

Please choose the option that best explains why water does not present your organization with any opportunities that have the potential to provide substantive benefit

Primary reason	Please explain
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W4.1c

Please choose the option that best explains why you do not know if water presents your organization with any opportunities that have the potential to provide substantive benefit

Primary reason	Please explain
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Further Information

Module: Accounting

Page: W5. Facility Level Water Accounting (I)

W5.1

Water withdrawals: for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a

Facility reference number	Country	River basin	Facility name	Total water withdrawals (megaliters/year) at this facility	How does the total water withdrawals at this facility compare to the last reporting year?	Please explain
Facility 1	Spain	Douro	IBERDROLA's hydroelectric plants (6) in Douro basin (Spain).	24050412	Much lower	In Spain, the period was characterized by a lower hydraulicity compared to the same period last year (-27.6%), as 2014 was a year in which extraordinary rainfall occurred. In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment.
Facility 2	Brazil	Sao Francisco	Itapebi hydroelectric plant	727829	Higher	In Brazil, the electricity demand increased compared to 2014 and there was stored water. The production of electricity in Itapebi (2015) was doubled compared to last year (2014). In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment.
Facility 3	United	Other:	Cruachan hydroelectric	3437595	Lower	In United Kingdom, the electricity demand

Facility reference number	Country	River basin	Facility name	Total water withdrawals (megaliters/year) at this facility	How does the total water withdrawals at this facility compare to the last reporting year?	Please explain
	Kingdom	Lock Awe	plant			dropped compared to 2014. In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment.
Facility 4	Mexico	Other: Different Rivers	5 Combined Cycle Plants (CC Dulces Nombres , CC Altamira II y IV, CC Altamira V, CC Laguna and CC Tamazunchale)	51862	Lower	In Mexico, the electricity production increased by 7.5% in combined cycle plants compared to the same period last year, but due to increased efficiency, water consumption has decreased.

Further Information

Page: W5. Facility Level Water Accounting (II)

W5.1a

Water withdrawals: for the reporting year, please provide withdrawal data, in megaliters per year, for the water sources used for all facilities reported in W5.1

Facility reference number	Fresh surface water	Brackish surface water/seawater	Rainwater	Groundwater (renewable)	Groundwater (non-renewable)	Produced/process water	Municipal water	Wastewater from another organization	Comment
Facility 1	24050412	0	0	0	0	0	0	0	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment.
Facility 2	727829	0	0	0	0	0	0	0	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment.
Facility 3	3437595	0	0	0	0	0	0	0	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment.
Facility 4	9651	32909	0	0	0	0	0	9302	At the La Laguna and Monterrey combined cycle plants in Mexico, the water collected for cooling comes from municipal wastewater treatment stations and is treated at the Company's plants, producing a positive impact by returning water to the

Facility reference number	Fresh surface water	Brackish surface water/seawater	Rainwater	Groundwater (renewable)	Groundwater (non-renewable)	Produced/process water	Municipal water	Wastewater from another organization	Comment
									environment that is of higher quality than that withdrawn.

W5.2

Water discharge: for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a

Facility reference number	Total water discharged (megaliters/year) at this facility	How does the total water discharged at this facility compare to the last reporting year?	Please explain
Facility 1	24050412	Much lower	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment. The auxiliary water use (eg buildings) is negligible compared to the water used to generate electricity. In Spain, the period was characterized by a lower hydraulicity compared to the same period last year (-27.6%), as 2014 was a year in which extraordinary rainfall occurred.
Facility 2	727829	Higher	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment. The auxiliary water use (eg buildings) is negligible compared to the water used to generate electricity. In Brazil, the electricity demand increased compared to 2014 and there was stored water. The production of electricity in Itapebi (2015) was doubled compared to last year (2014).
Facility 3	3437595	Lower	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment. The auxiliary water use (eg buildings) is negligible compared to the water used to generate electricity. In United Kingdom, the electricity demand dropped compared to 2014.
Facility 4	25959	Lower	In Mexico, the electricity production increased by 7.5% in combined cycle plants compared to the same period last year, but due to increased efficiency, water consumption and discharge has

Facility reference number	Total water discharged (megaliters/year) at this facility	How does the total water discharged at this facility compare to the last reporting year?	Please explain
			decreased.

W5.2a

Water discharge: for the reporting year, please provide water discharge data, in megaliters per year, by destination for all facilities reported in W5.2

Facility reference number	Fresh surface water	Municipal/industrial wastewater treatment plant	Seawater	Groundwater	Wastewater for another organization	Comment
Facility 1	24050412	0	0	0	0	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment (river).
Facility 2	727829	0	0	0	0	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment (river).
Facility 3	3437595	0	0	0	0	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment (river).
Facility 4	1182	1845	22932	0	0	CC Dulces Nombres and CC Laguna discharge into Municipal wastewater treatment plant (the water collected for cooling comes from municipal wastewater treatment stations and is treated at the Company's plants, producing a positive impact by returning water to the environment that is of higher quality than that withdrawn), CC Altamira III y IV and CC Altamira V discharge into the sea and CC Tamazunchale discharges into a reservoir.

W5.3

Water consumption: for the reporting year, please provide water consumption data for all facilities reported in W3.2a

Facility reference number	Consumption (megaliters/year)	How does this compare to the last reporting year?	Please explain
Facility 1	0	About the same	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment. The auxiliary water use (eg buildings) is negligible compared to the water used to generate electricity.
Facility 2	0	About the same	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment. The auxiliary water use (eg buildings) is negligible compared to the water used to generate electricity.
Facility 3	0	About the same	In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment. The auxiliary water use (eg buildings) is negligible compared to the water used to generate electricity.
Facility 4	134	Much lower	In Mexico, the electricity production increased by 7.5% in combined cycle plants compared to the same period last year, but due to increased efficiency, water consumption and discharge has decreased. In this figure the evaporated water is already discounted.

W5.4

For all facilities reported in W3.2a what proportion of their water accounting data has been externally verified?

Water aspect	% verification	What standard and methodology was used?
Water withdrawals- total volumes	76-100	KPMG verified this data according to GRI-4 and World Business Council.
Water withdrawals- volume by sources	76-100	KPMG verified this data according to GRI-4 and World Business Council.

Water aspect	% verification	What standard and methodology was used?
Water discharges- total volumes	76-100	KPMG verified this data according to GRI-4 and World Business Council.
Water discharges- volume by destination	76-100	KPMG verified this data according to GRI-4 and World Business Council.
Water discharges- volume by treatment method	76-100	KPMG verified this data according to GRI-4 and World Business Council.
Water discharge quality data- quality by standard effluent parameters	76-100	KPMG verified this data according to GRI-4 and World Business Council.
Water consumption- total volume	76-100	KPMG verified this data according to GRI-4 and World Business Council.

Further Information

Module: Response

Page: W6. Governance and Strategy

W6.1

Who has the highest level of direct responsibility for water within your organization and how frequently are they briefed?

Highest level of direct responsibility for water issues	Frequency of briefings on water issues	Comment
Board of individuals/Sub-set of the Board or other committee appointed by the Board	Scheduled- quarterly	Water's concern is present throughout the Company and the highest responsibility resides in the Board of Directors through its Corporate Social Responsibility Committee: This is an internal committee of the Board of Directors, with no executive powers, which was created for informational and consulting purposes and which has powers to inform, advise, and propose within its sphere of activities. Within the context of IBERDROLA's

Highest level of direct responsibility for water issues	Frequency of briefings on water issues	Comment
		ongoing exercise in transparency and communication with shareholders and the markets, the Company has since 2013 published an Annual Activities Report of the Consultative Committees of the Board of Directors, which integrates information regarding the Audit and Risk Supervision Committee, the Appointments Committee, the Remuneration Committee and the Corporate Social Responsibility Committee.

W6.2

Is water management integrated into your business strategy?

Yes

W6.2a

Please choose the option(s) below that best explain how water has positively influenced your business strategy

Influence of water on business strategy	Please explain
Establishment of sustainability goals	IBERDROLA has specific policies regarding the management of environmental issues: the Environmental Policy, the Climate Change Policy, the Biodiversity Policy and the Sustainability Policy. These policies define the specific guidelines that the IBERDROLA Group must follow both in the process of defining and developing its strategy and investments and with regard to its operations and control of environmental risks. IBERDROLA is integrating United Nations Sustainable Goals in its strategy, including number 6 ("Clean Water and Sanitation") and number 14 (Life below water).
Introduction of water management KPIs	Since 2010 IBERDROLA has launched an Environmental Scorecard in which is displayed a set of KPIs. This scorecard is the system element determining the quality of the environmental strategy, defines the standards for the Group's environmental risk mitigation,

Influence of water on business strategy	Please explain
	serves to calculate the value generated by such strategy, and ultimately provides coherence to the overall system, ensuring the convergence of the Group's strategic goals. IBERDROLA has developed its Environmental Footprint with the aim to have a single environmental indicator that allows to communicate the company's impact.
Publicly demonstrated our commitment to water	IBERDROLA is an influential company and intends to boost best practices in the area of the environment, optimize management and promote the search for solutions to problems linked to the natural surroundings where water is included. In March 2012, we endorsed the CEO Water Mandate, an initiative by the United Nations, designed to help companies in developing, implementing and disseminating sustainability policies for water management. Water strategy is in accordance with The CEO Water Mandate framework. Sustainable Development Goals have been publically included in IBERDROLA Sustainability Policy, including Goal 6 (Clean water and sanitation) and Goal 14 (Life below water). IBERDROLA has recently participated in an event organized by the AIESEC to boost the Sustainable Development Goals. IBERDROLA has elaborated its Environmental Footprint with the aim to have a single environmental indicator that allows to communicate the company's impact.
Tighter operational performance standards	For IBERDROLA, the environmental dimension of its activities is a necessary baseline for the formulation of its Strategic Plan and the operational planning of its businesses is fostering innovation, eco-efficiency, ecodesign and a progressive reduction in the environmental impacts of its activities and in the supply chain (as WATER consumption). Operation of existing facilities in compliance with the permits granted by the environmental regulatory authorities of each region, and subject to restrictions and obligations that ensure the protection of the local environment. IBERDROLA Group has Environmental Management Systems (EMS) specific to the businesses and processes, based on the UNE-EN-ISO 14001:2004 and EMAS standard, distributed and implemented throughout much of their organizations.
Exploration of environmental impact	IBERDROLA Group has Environmental Management Systems (EMS) specific to the businesses and processes, based on the UNE-EN-ISO 14001:2004 and EMAS standard, distributed and implemented throughout much of their organizations, what are allowing for a reduction in environmental risks, improvement in the management of resources, and optimisation of investments and costs.

W6.2b

Please choose the option(s) below that best explains how water has negatively influenced your business strategy

Influence of water on business strategy	Please explain
Other: Presence in water stressed areas	IBERDROLA is not present at water-stressed areas, so water has not negatively

Influence of water on business strategy	Please explain
	influenced our business strategy.

W6.2c

Please choose the option that best explains why your organization does not integrate water management into its business strategy and discuss any future plans to do so

Primary reason	Please explain

W6.3

Does your organization have a water policy that sets out clear goals and guidelines for action?

Yes

W6.3a

Please select the content that best describes your water policy (tick all that apply)

Content	Please explain why this content is included

Content	Please explain why this content is included
Publicly available Company-wide Performance standards for direct operations Performance standards for supplier, procurement and contracting best practice Commitment to customer education Incorporated within group environmental, sustainability or EHS policy Acknowledges the human right to water, sanitation and hygiene	IBERDROLA has a publicly available company-wide water policy with performance standards for direct operations including supplier, procurement and contracting best practice and acknowledges the human right to water and sanitation. The Group has policies of Environment, Sustainability, Biodiversity, against Climate Change, Respect for Human Rights among others. Campaigns on saving and water use efficiency. IBERDROLA is developing awareness campaigns on saving and water use efficiency. Sustainable Development Goals have been publically included in IBERDROLA Sustainability Policy, including Goal 6 (Clean water and sanitation) and Goal 14 (Life below water).

W6.4

How does your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) during the most recent reporting year compare to the previous reporting year?

Water CAPEX (+/- % change)	Water OPEX (+/- % change)	Motivation for these changes
+72.3	-37.6	IBERDROLA is developing new hydropower generation plants. The rest of CAPEX includes treatment of effluents, and systems to control and avoid spills, among others. OPEX includes clean-up cost and cost for remediation spills.

Further Information

W7.1

Was your organization subject to any penalties, fines and/or enforcement orders for breaches of abstraction licenses, discharge consents or other water and wastewater related regulations in the reporting year?

No

W7.1a

Please describe the penalties, fines and/or enforcement orders for breaches of abstraction licenses, discharge consents or other water and wastewater related regulations and your plans for resolving them

Facility name	Incident	Incident description	Frequency of occurrence in reporting year	Financial impact	Currency	Incident resolution
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W7.1b

What proportion of your total facilities/operations are associated with the incidents listed in W7.1a

W7.1c

Please indicate the total financial impacts of all incidents reported in W7.1a as a proportion of total operating expenditure (OPEX) for the reporting year. Please also provide a comparison of this proportion compared to the previous reporting year

Impact as % of OPEX	Comparison to last year
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Further Information

Page: W8. Targets and Initiatives

W8.1

Do you have any company wide targets (quantitative) or goals (qualitative) related to water?

Yes, targets and goals

W8.1a

Please complete the following table with information on company wide quantitative targets (ongoing or reached completion during the reporting period) and an indication of progress made

Category of target	Motivation	Description of target	Quantitative unit of measurement	Base-line year	Target year	Proportion of target achieved, % value
Other: Engagement with suppliers	Recommended sector best practice	Water management depends on both operational level and supply chain level. The main reason to monitor and control our supply chain water footprint is the lifecycle driver which we follow within our environmental management. We try to act as reference in	Other: % of suppliers with environmental management	2013	2015	100%

Category of target	Motivation	Description of target	Quantitative unit of measurement	Base-line year	Target year	Proportion of target achieved, % value
		water management for contractors and suppliers. There are commitments in the Purchasing area to foster environmental responsibility and to promote strict compliance by suppliers with contractual conditions and current legislation, with particular emphasis on respect for the principles established in the United Nations Global Compact. In 2015, 75.2% of the contracted suppliers had Environmental Management Systems in place.	system			
Reduction of product water intensity	Increased revenue	In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables and combined cycles has led to a reduction in water consumption per GWh produced. ECOEFFICIENCY drives our environmental management. The intensity of water consumption at the Group by 2015 sales was 70% less than the other utilities. Our goal is to keep that intensity 50% lower than the European average in the next five years.	% reduction per dollar revenue	2013	2020	100%
Reduction in consumptive volumes	Cost savings	Ecco efficiency applies to reduce water consumption. We have a rolling target to reduce our water consumption included in our scorecard. Water consumption was 45.4% lower in 2015 compared to 2013.	% reduction per unit of production	2013	2015	100%

W8.1b

Please describe any company wide qualitative goals (ongoing or reached completion during the reporting period) and your progress in achieving these

Goal	Motivation	Description of goal	Progress
Strengthen links with local community	Shared value	We are conscious about facing global problems, such as water scarcity, climate change and poverty. In this sense, IBERDROLA holds continued dialogues with its	In the 220/20 kV transformer substation of Torrellano (Alicante, Spain) oleanders plantations were made with a drip irrigation system scheduled.

Goal	Motivation	Description of goal	Progress
		stakeholders to identify which are their most important issues related to the environment with the aim of improving the Company performance and to focus on its efforts. Actions are also putting in place after the dialogues with Local Communities.	
Other: Transparency	Brand value protection	IBERDROLA supports transparency regarding its water strategy. Water footprint is included in our environmental footprint.	IBERDROLA publishes its water data through various reports such as the Sustainability Report and through its website. It also publishes its CDP Water Answers through the CEO Water Mandate. Water footprint is now included in our Environmental Footprint.
Other: Increase access to Safe Water, Sanitation, and Hygiene (WASH)	Shared value	IBERDROLA notes that there is still a proportion of the population without access to safe drinking water and sanitation systems. In addition, a lack of appropriate sanitation profoundly affects the health and well-being of billions of people.	IBERDROLA has joined the challenge of achieving the objectives of Sustainable Development Goals (SDGs), including Goal 6: Clean water and sanitation. Installation of systems for capturing and storing rainwater for human consumption in the area around the Caetité windfarm in inland Bahia (Brazil). This initiative will supply water to over 3,300 homes that currently have no connection to the general water system, and no access to any type of storage resource. IBERDROLA and NEOENERGIA will work on this project with the Brazilian Ministry for Social Development and the Fight against Hunger (MDS) as part of the Water for All programme.
Engagement with public policy makers to advance sustainable water policies and management	Recommended sector best practice	Establish a constructive dialogue with Government Agencies, non-governmental organizations, shareholders, customers, local communities and other stakeholders are important in order to: 1) Work jointly in the search for solutions to environmental problems. 2) Contribute to the development of a useful public policy from the environmental standpoint that is efficient in economic terms. 3) Raise awareness on the importance of taking measures to reduce greenhouse gases.	IBERDROLA develops a set of communication and dialogue channels with environmental interest groups. Through these means, IBERDROLA communicates the objectives, actions taken and achievements of the Company in this field, and to receive feedback and requests from the interested parties in the area of the environment.
Other: Implementation of Environmental Management Systems	Risk mitigation	We aim to improve the compatibility of our infrastructures with the environment and develop a clean management system. We have a Global Environmental Management System implemented (accordance to ISO 14001:2004 standard, certified by AENOR). We also have Environmental Management	84.2% Net Energy production was under Environmental Management System in 2015.

Goal	Motivation	Description of goal	Progress
		Systems (EMS) specific to the businesses, based on the ISO 14001:2004 and EMAS standard, which allow for a reduction in environmental risks, improvement in the management of resources, and optimisation of investments and costs.	
Other: Water use	Cost savings	IBERDROLA is greatly concerned with finding savings and greater efficiency. We do not have any plant located in areas considered Water Stressed and our materiality analysis (by KPMG) reflected a low risk associated with the supply of water. According to a preventive approach, IBERDROLA aims for an optimal water use and plants follow strict environmental management authorizations and their quality is maintained due to the water treatment equipments installed.	Continuous improvement is sought for processes of the facilities, so that the extraction and consumption of water is the minimum possible and has minimal impact on the environment. In addition, extraction of water is avoided in areas with water stress, and attempts are made to recycle and reuse water to the maximum extent possible.
Watershed remediation and habitat restoration, ecosystem preservation	Risk mitigation	IBERDROLA is committed to the energy, cultural and social development of the communities where it operates, where water has an essential role. Fundación IBERDROLA carries out initiatives that make an effective contribution towards enhancing people's quality of life in the territories and countries where the IBERDROLA operates, particularly in the fields of training and research, energy sustainability and biodiversity, art and culture.	Cooperation Development Project "Accessible and efficient energy for access to water and sanitation". Fundación IBERDROLA collaborates with the NGO Alliance for Solidarity, a project included in the Water and Sanitation Fund of the Spanish Agency for International Cooperation for Development (AECID). This initiative aims to improve the conditions of drinking water and sanitation through the development of affordable energy systems. The project started in late 2014 in six municipalities in the region of North Chinandega in Nicaragua inhabited by isolated rural communities very vulnerable population living in structural poverty and was finished in 2015.
Educate customers to help them minimize product impacts	Recommended sector best practice	According to IBERDROLA's commitment with society, IBERDROLA is developing awareness campaigns on saving and water use efficiency.	In the IBERDROLA Group we try to meet our customers needs and expectations of our customers in order to offer them better solutions, continuously working to care for and increase their satisfaction, strengthening their connection to our group, and promoting responsible consumption.
Watershed remediation and habitat restoration, ecosystem preservation	Risk mitigation	IBERDROLA is aware of the importance of consumption of water at its facilities. TEVA Project for Reducing the Temperature of Thermal Discharge in Almaraz. The cooling system of the Almaraz Nuclear Plant is semiopen, basically cooled by the Arrocampo Reservoir, which acts as its cooling circuit. The goal is	IBERDROLA has invested over 38 million euros. This thereby complies with environmental legislation and has a positive repercussion on the surroundings, controlling the risk of eutrophication of the reservoirs, improving the ecologic equilibrium of the reservoir and contributing toward conserving the natural surroundings around the

Goal	Motivation	Description of goal	Progress
		to improve and optimise the capacity for cooling the temperature of the water of the Arrocampo Reservoir, in any case guaranteeing that the temperature of the discharge into the Torrejón-Tajo Reservoir does not exceed 30 °C.	Plant. The area surrounding the Arrocampo reservoir and its shores are a Special Protection Area for birds (SPA).
Watershed remediation and habitat restoration, ecosystem preservation	Shared value	IBERDROLA is totally committed with habitat preservation. Disposal of ash produced by Longannet power station in UK has reclaimed 200 hectares of land from the sea, creating Valleyfield Ash Lagoons. The lagoons, 5 km east of Longannet, are an important element in the make-up of the Inner Forth Estuary, internationally recognised for its value to wildlife, and covered by natural heritage designations including the Firth of Forth Ramsar site and Special Protection Area. Our biodiversity action plan ensures that Longannet works in harmony with our wildlife.	ScottishPower continues with Biodiversity Action Plans at each facility to recover and promote the regeneration of the natural habitats, fauna, and flora characteristic of the environment of the facilities.
Watershed remediation and habitat restoration, ecosystem preservation	Shared value	IBERDROLA is totally committed with habitat preservation. The grounds of Cockenzie Power Station in UK, its coalplant and ash settling lagoons provide a range of habitats that are attractive to wildlife, including woodland, meadows and wetlands.	ScottishPower continues with Biodiversity Action Plans at each facility to recover and promote the regeneration of the natural habitats, fauna, and flora characteristic of the environment of the facilities.
Engagement with public policy makers to advance sustainable water policies and management	Water stewardship	Hidden services provided by reservoirs. Biovalora project was started by the Basque Ecodesign Centre (IHOBE) and has been supported by IBERDROLA throughout. It aims to define a methodology for assessing the economic impact of significant value of these "hidden services" provided by reservoirs.	The project was carried out in the Tera river basin (Zamora); to be more specific, at the following power plants: Cernadilla (installed capacity of 30 MW and reservoir capacity of 255 Hm3), Valparaíso (68 MW and 162 Hm3) and Agavanzal (24 MW and 34 Hm3). These facilities were selected because they combined a representative number of the ecosystem services to be assessed, such as supplying water for fire prevention, irrigation and human consumption, flood control, recreational tourism, water treatment, etc. In order to ensure the most reliable results, it was decided to cover the longest possible period of time. For data availability reasons, the period chosen ended up being the last 10 years.
Watershed remediation and habitat restoration,	Increased revenue	In Spain, the company has invested about €10 million on renovating its oldest small hydro power plants, equipping them with the most efficient and advanced	IBERDROLA has modernized 45 of its 92 small hydropower projects in Spain over the last three years.

Goal	Motivation	Description of goal	Progress
ecosystem preservation		technology with the aim of improving output and extend their lifespan. Also, important environmental and safety measures were carried out, such as raising fish ladders at weirs and fences along canals.	
Other: Efficient and facility safety	Cost savings	FILTRACIONES project, wich focuses on the development of a new methodology for efficient and safety inspections on water channels.	Significant progress made on the Filtraciones Project, with the development of a new methodology for efficiently inspecting water channels.
Other: Disclose information	Brand value protection	The main objective of calculating the Organisational Environmental Footprint is to reduce the environmental impact derived from the organisation's activities. IBERDROLA has calculated its Water Footprint, as part of its Environmental Footprint.	A multi-criteria measure of the environmental performance of goods/services providing organization from a life cycle perspective. Inside the Environmental Footprint is the Water Footprint.
Watershed remediation and habitat restoration, ecosystem preservation	Risk mitigation	IBERDROLA is totally committed with decreasing the impact of its operations. Reduce impact on soil and water environment. This is the main reason to calculate our Environmental Footprint.	Implementation of 338 measures to prevent and mitigate the impact of possible spills and have built 5 new substations deposits performances.
Other: Stakeholders Engagement	Shared value	Stakeholders Engagement is a key point of IBERDROLA's Strategy. with our materiality Matrix we control and monitor the impact of our water management among our stakeholders. External verification (KPMG) and Rep track helps to monitor this issue.	IBERDROLA has a new policy and is developing a new management system stakeholders to monitor and improve relations.

W8.1c

Please explain why you do not have any water-related targets or goals and discuss any plans to develop these in the future

Further Information

Module: Linkages/Tradeoff

Page: W9. Managing trade-offs between water and other environmental issues

W9.1

Has your organization identified any linkages or trade-offs between water and other environmental issues in its value chain?

Yes

W9.1a

Please describe the linkages or trade-offs and the related management policy or action

Environmental issues	Linkage or trade-off	Policy or action
Hidden services provided by reservoirs management	Linkage	Reservoirs play a decisive role in ecosystems, although people are not generally aware of this. Biovalora project was started by the Basque Ecodesign Centre (IHOBE) a year ago and has been supported by Iberdrola throughout. It aims to define a methodology for assessing the economic impact of these services ('hidden services' provided by reservoirs). As the main hydroelectric operator in Spain, Iberdrola makes a significant contribution towards mitigating the damage caused by the heavy rainfall. The project was carried out in the Tera river basin (Zamora-Spain). This river basin was selected because it combined a representative number of the ecosystem services to be assessed, such as supplying water for fire prevention, irrigation and human consumption, flood control, recreational tourism, water treatment, etc. In order to ensure the most reliable results, it was decided to cover the longest possible period of time (10 years). Some qualitative considerations obtained in the study were almost more relevant than the economic assessment, such as the importance of supplying water for irrigation purposes. This is one of the most important services provided by reservoirs, because it allows for development in irrigated areas that would not be possible under normal conditions. This in turn has enabled economic development in countries that would otherwise have been affected by serious economic and population decline, if they had been solely reliant on rain-fed agriculture.
Wastewater management	Linkage	At the La Laguna and Monterrey combined cycle plants in Mexico and at the Klamath cogeneration plant in the United States of America, the water collected for cooling comes from municipal wastewater treatment stations and is treated at the Company's plants, producing a positive impact by returning water to the environment that is of higher quality than that

Environmental issues	Linkage or trade-off	Policy or action
		withdrawn. All water collection is strictly regulated by government authorities, which assign permits and determine the maximum allowed volumes of collection to ensure that there are no significant impacts.
Carbon management	Trade-off	IBERDROLA Ingeniería and AINIA Technology Centre create revolutionary system for capturing CO2 and growing microalgae. It is based on capturing the CO2 from pollutant smoke and reusing it as food in growing microalgae in the water, which are already being used in multiple applications at present. This research is one of the key studies carried out for the CENIT VIDA project, an R&D project spearheaded by the subsidiary of IBERDROLA with the participation of 13 companies and 25 research institutes. This project is a very important step forward in researching the field of microalgae, which are considered to be very important nowadays for their use in energy and because they contain a huge variety of compounds that are of value to the market: proteins, thickening agents, vitamins, enzymes, antibiotics, cosmetics, pharmaceuticals or chemicals.

Further Information

Module: Sign Off

Page: Sign Off

W10.1

Please provide the following information for the person that has signed off (approved) your CDP water response

Name	Job title	Corresponding job category
Agustín Delgado	Chief Innovation and Sustainability Officer, Presidency depends from the CEO and President	Environment/Sustainability manager

W10.2

Please select if your organization would like CDP to transfer your publicly disclosed response strategy from questions W1.4a, W3.2c and W3.2d to the CEO Water Mandate Water Action Hub.

Yes

Further Information

CDP 2016 Water 2016 Information Request