

Module: Introduction

Page: Introduction

0.1

Introduction

Please give a general description and introduction to your organization.

IBERDROLA is very proud to participate in the CDP Water Disclosure 2013 and is totally convinced that **water is an essential resource and fundamental** to its business development, being aware of the importance of a water 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, the 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 2012:

- IBERDROLA's hydroelectric generation represents 10% of total generation, including hydroelectric and mini hydro. During 2012, the installed capacity has increased to 9891MW.
- Water use is defined as the difference between the water captured, excluding seawater or saltwater and the water discharged into the environment. 97.4 % 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. 0.6 % of the collected water is consumed and/or retained in the various processes and 2 % is returned to the environment in the form of steam generated at the cooling systems of the thermal power plants. In 2012, water use has changed the downward trend of recent years and increased due to an rise in thermal production (coal and nuclear), which led to higher water needs for cooling, processes, and standby services, particularly if arising from facilities with a closed cooling circuit.

0.2

Reporting Year

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

Enter the period that will be disclosed.

Sun 01 Jan 2012 - Mon 31 Dec 2012

0.3**Reporting Boundary**

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

Other: Operational control approach

0.4**Exclusions**

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

No

0.4a**List of Exclusions**

Please describe any exclusion(s) in the following table.

Exclusion	Please explain why you have made the exclusion
-----------	--

Module: Water-Governance

Page: Water-1-ManagementGovernance

1.1

Does your company have a water policy, strategy or management plan?

Yes

1.1a

Please describe your policy, strategy or plan, including the highest level of responsibility for it within your company and its geographical reach.

Country or region	Description of policy, strategy or plan	Position of responsible person
Company-wide	Water is one of the most relevant sustainability-related challenges of the 21st century. IBERDROLA is aware of water shortage and water contamination, as well as many other issues, may threaten the growth of strong and stable economies, the satisfaction of basic human needs, the protection of the ecosystems, while simultaneously provoking serious problems to human health. We recognize our role as a Company with an influential capacity and in this regards, IBERDROLA 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 definitely included. IBERDROLA has three specific policies regarding the management of environmental issues: the Environmental Policy, the Climate Change Policy and the Biodiversity 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. 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). For evidences, please see the attachments.	Board/executive board
Company-	The main goals of IBERDROLA's Environmental Management System can be summed up as follows: - Effective	Board/executive

Country or region	Description of policy, strategy or plan	Position of responsible person
wide	implementation of the concept of eco-efficiency, which is the main cause for the reduction or improvement of the environmental impact of the Company's operations. - Constant enhancement of the environmental dimension of the operations, working simultaneously on the causes and on the impact thereof, establishing improvement activities and goals. - Effective implementation of a continuous improvement and ongoing innovation process. The commitment of the Board of Directors of IBERDROLA towards ensuring that the environmental policies approved become a reality, thereby making respect for the environment a strategic element. IBERDROLA supports transparency regarding water strategy of the company. The Company's performance regarding water is disclosed in the Sustainability Report 2012 (please check the specific water sections EN8, EN9, EN10, EN21, EN23 and EN25). Since march 2012, IBERDROLA has endorsed the CEO Water Mandate, which is a public-private initiative launched by the United Nations Secretary-General, designed to help companies in developing, implementing and disseminating sustainability policies for water management. The water strategy of the Company includes several aspects, which are in accordance with the framework developed for business by The CEO Water Mandate. It is publicly available through the CDP WATER in the CEO WATER MANDATE webpage, please check the attachments.	board

1.1b

Does the water policy, strategy or plan specify water-related targets or goals?

Yes

1.1c

Please describe these water-related targets or goals and the progress your company has made against them.

Country or region	Category of target or goal type	Description of target or goal	Progress against target or goal
Company-wide	Direct operations	One of IBERDROLA's environmental goals is to improve the compatibility of IBERDROLA's infrastructures with the environment and develop a clean managerial system. IBERDROLA has a Global Environmental Management	Global Environmental Management System implemented in accordance with the UNE-EN ISO 14001:2004 standard, which was certified in 2006 and renewed in 2012 by the Spanish Standardisation and Certification Association (AENOR). All our

Country or region	Category of target or goal type	Description of target or goal	Progress against target or goal
		<p>System implemented in accordance with the UNE-EN ISO 14001:2004 standard, certified by the Spanish Standardisation and Certification Association (AENOR) (attached). It includes the partial certifications existing at the electric power generation stations, both thermoelectric and hydraulic, as well as management of all the facilities of the Networks and Renewable Energies businesses and the more than 200 Company buildings, therefore covering 100% of the following activities: electricity generation, distribution and marketing; gas transport, distribution and marketing; operation and maintenance of combined cycle thermoelectric power plants; and marketing of other products and services related to energy supply and usage in Spain. Also IBERDROLA Group has Environmental Management Systems (EMS) specific to the businesses, 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.</p>	<p>plants follow very strict environmental management authorizations and their quality is outstanding due to the water treatment equipments installed to avoid any risk of discharge to the aquatic environment (which may arise from storage and use of fuels and chemicals). Regarding water use and control of spills, water information is available on the SoFi corporate computer tool, used to consolidate and verify its main information. Each facility introduced its water information because they have on-line control of the main variables. Also, maximum limits on the capture and consumption of fresh water are established and monitored also 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. For Spanish Thermal power Station the water quantitative and qualitative data are available in the Environmental statements for EMAS certificated by AENOR.</p>
Company-wide	Direct operations	<p>With reference to the use of water, IBERDROLA is greatly concerned with finding savings and greater efficiency in their processes to improve and conserve this scarce resource. Although the Company does not have any plant located in any area considered Water Stressed and the materiality analysis for Iberdrola has reflected a low risk associated with the supply of water (5% of significance for IBERDROLA), according to a preventive approach, IBERDROLA aims for an optimal water use and all our plants follow very strict environmental management authorizations and their quality is outstanding due to the water treatment equipments installed to avoid any risk of discharge to the aquatic environment.</p>	<p>New implementations for achieving the goal: - La Laguna and Monterrey combined cycle plants in Mexico and at the Klamath cogeneration plant in the United States, a system has been designed for reusing water from the pool. - At the Escombreras plant, the consumption of potable water was reduced at the demineralised water treatment plant, reusing the industrial effluents generated, contributing 9.26 % of industrial effluents, reducing the consumption of potable water by 1,144 m3, and the water collected dosage of sodium hypochlorite into captured seawater has been reduced, increasing the larval monitoring of mussels. (EMAS attached) - At the Velilla plant, there was a complete overhaul of the water treatment plant and automation thereof within the plant's control system, and the final flow meter control for water discharges was replaced by one with lower maintenance and easier calibration.(EMAS attached) - It should be also noted that half of ScottishPower's wind farms have rooftop rainwater collectors and storage tanks to use the water at the control buildings and in 2012, the volume of rainwater reused</p>

Country or region	Category of target or goal type	Description of target or goal	Progress against target or goal
Company-wide	Community engagement	We are conscious about facing global problems, such as water scarcity, climate change and poverty. In this sense IBERDROLA holds continued dialogues with its 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.	<p>was 30,024 m3, which was higher than the previous year.</p> <p>There are different ways of communication with the stakeholders: webpage contact, email, stakeholders' forums, etc. Moreover, various Materiality Studies have been carried out in recent years to be aware of our stakeholder's needs. The assessment of maturity was carried out through a review of the social responsibility reports and the websites of seven companies, which were selected due to their weight in the area of corporate responsibility and because they are companies operating in the same industry as IBERDROLA. The assessment of significance was performed through a review of available information regarding five industry-specific organisations and five social organisations that were considered significant both because of their prominence and because of the influence they carry. Additionally, in order to gauge the attention paid by external publics, the coverage of various corporate responsibility issues in the written press and social networks were analysed. The results show the issues that to some extent capture the interest of the stakeholders, as well as those issues regarded as more significant among them.</p>
Company-wide	Transparency	IBERDROLA supports transparency regarding water strategy of the Company.	In February 2012, IBERDROLA registered within the Transparency Register, created by European institutions to give adequate transparency to the relations of such institutions with companies, NGOs, citizens' associations, think tanks, among others. Since march 2012, IBERDROLA has endorsed the CEO Water Mandate and the water strategy of the Company is published through the CDP WATER in its webpage.
Company-wide	Supply chain	The Company knows that water management depends on both operational level and supply chain level. Due to this fact, IBERDROLA tries to act as a reference in water management for all its contractors and suppliers. There are commitments in the Purchasing area to "foster environmental responsibility" and "promote strict compliance by suppliers with contractual conditions and current legislation, with particular emphasis on respect for the principles established in the United Nations Global Compact."	We continue to build and maintain local stakeholder relationships at all of our operational assets. In 2012, 71 % of the suppliers contracts (5 % more than 2011), were made to suppliers with certified environmental management systems. IBERDROLA considers its supply chain on the Water indicators. In the countries that suffer water-stressed, the Company does not perform any activity in the procurement area. In fiscal year 2012, the total amount allotted in these countries represents only 0.01% of the total amount allotted by the Group (general supply procurement), being mainly Qatar and United Arab Emirates

Country or region	Category of target or goal type	Description of target or goal	Progress against target or goal
Company-wide	Public policy	<p>Establish a constructive dialogue with Government Agencies, non-governmental organizations, shareholders, customers, local communities and other stakeholders 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.</p>	<p>(IBERDROLA Engineering and Construction).</p> <p>Environmental Forums with external experts have been hosted since 2008. IBERDROLA is thus acquainted with the concerns and proposals of regulatory entities and puts forward the Company's own opinions in the legitimate defence of its interests and those of its shareholders, customers and users. It also actively participates both in "public hearings" held by regulatory entities in order to ascertain the opinions of the players involved in the processes prior to the revision of regulations or the determination of domestic energy policies, and in the official processes of enactment of the laws and regulations and the monitoring of the application thereof. 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. In addition to its direct relationships with regulatory entities, IBERDROLA and the companies of its corporate Group participate in the regulatory process through the domestic and international trade associations of which they are members. Particularly significant are Unesa in Spain and Eurelectric in Europe. They also have presence within 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 to give adequate transparency to the relations of such institutions with companies, NGOs, citizens' associations, think tanks, among others.</p>
Company-wide	Watershed management	<p>IBERDROLA notes that there is still a proportion of the population without access to safe drinking water. In addition a lack of appropriate sanitation profoundly affects the health and well-being of billions of people.</p>	<p>The Company, as part of its commitment to corporate social responsibility, is working in a number of countries to offer specific projects, know-how and resources. For instance the development of the Iberdrola-Sao Paulo International Cooperation Project 2.0, to train youths at risk of social exclusion in Brazil. Recently, IBERDROLA has taken another step in cementing its commitment to sustainable energy with its incorporation into the Global Sustainability Electricity Partnership (GSEP), a group of the world's largest and most influential power</p>

Country or region	Category of target or goal type	Description of target or goal	Progress against target or goal
			companies that this week held its annual meeting in Washington.

1.1d

You may explain here why your company does not have a water policy, strategy or plan and if you intend to put one in place.

1.2

Do you wish to report any actions outside your water policy, strategy or management plan that your company has taken to manage water resources or engage stakeholders in water-related issues?

Country or region	Category of action	Description of action and outcome
Company-wide	Community engagement	IBERDROLA'S commitment with society, we are developing awareness campaigns on saving and water use efficiency. For instance, in 2012 water improvement and repurposing projects have been carried out and several "Energy Classrooms" that offer educational space to the public have been opened. IBERDROLA uses social media as an effective tool to sensitize both its employees and society. In 2012, news were published on its internal page, on the website against climate change and in the Company's Blog that demonstrates our interest and commitment. (Please see attachments). Finally, the Company has made some campaigns in order to raise 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. For evidences, please see the attachments.
Company-wide	Watershed management	IBERDROLA has been committed to the energy, cultural and social development of the communities where it operates, where water has an essential role. The Fundación IBERDROLA represents a step further in the materialisation of this firm commitment by carrying out initiatives that make an effective contribution towards enhancing people's quality of life in the territories and countries where the IBERDROLA Group operates, particularly in the fields of training and research, energy sustainability and biodiversity, art and culture, as well as solidarity and social initiatives. The Fundación IBERDROLA relies on the following areas of activity regarding water resources: - Training and Research: every year the Scholarship and Research Aid

Country or region	Category of action	Description of action and outcome
		Programme specialising in energy and environment, with the aim of contributing to excellence in training and research in the energy field, with special emphasis on renewable energy, the improvement of Biodiversity, as well as the efficiency of the energy system. - Sustainability and Biodiversity: with the commitment to work towards a sustainable energy model that can effectively meet energy needs and contribute towards protecting the environment - Cooperation and Solidarity: its main aims to make an active contribution towards improving the quality of life of the most disadvantaged groups in the territories and countries where the IBERDROLA Group has operations, by setting up initiatives aimed at achieving full social and labour integration for these groups.

Attachments

[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/VELILLA ENVIRONMENTAL STATEMENT.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/VELILLA%20ENVIRONMENTAL%20STATEMENT.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/IBERDROLA's CEO WATER MANDATE endorsment.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/IBERDROLA's%20CEO%20WATER%20MANDATE%20endorsment.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/IBERDROLA's environmental management system.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/IBERDROLA's%20environmental%20management%20system.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Biodiversity Policy.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Biodiversity%20Policy.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/ESCOMBRERAS ENVIRONMENTAL STATEMENT.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/ESCOMBRERAS%20ENVIRONMENTAL%20STATEMENT.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Iberdrola Presence in Social Network.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Iberdrola%20Presence%20in%20Social%20Network.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Iberdrola Webpage, Saving an Advice for Customers section.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Iberdrola%20Webpage,%20Saving%20an%20Advice%20for%20Customers%20section.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/IBERDROLA Environmental Forum.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/IBERDROLA%20Environmental%20Forum.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/IBERDROLA's public water strategy.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/IBERDROLA's%20public%20water%20strategy.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Policy Against Climate Change.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Policy%20Against%20Climate%20Change.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Environmental certificate.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Environmental%20certificate.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Fundaci3n IBERDROLA.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Fundaci3n%20IBERDROLA.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Sustainability Report 2012.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Sustainability%20Report%202012.pdf)

https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/lberdrola against climate change webpage screenshot.pdf
https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Environmental Policy.pdf

Module: Water-RisksOpps

Page: Water-2-indicators-op

2.1

Are any of your operations located in water-stressed regions?

No

2.1a

Please specify the method(s) you use to characterize water-stressed regions (you may choose more than one method).

Method used to define water stress	Please add any comments here:

2.1b

Please list the water-stressed regions where you have operations and the proportion of your total operations in that area.

Country or region	River basin	Proportion of operations located in this region (%)	Further comments

2.1a

Please specify the method(s) you use to characterize water-stressed regions.

Method used to define water stress	Please add any comments here:
Environmental assessment FAO/AQUASTAT WRI water scarcity definition Other: Water Needs and Water Consumption/Overall Production	The World Resources Institute defines areas where per capita water supply drops below 1,700 m ³ /year as water-stressed areas, where disruptive water shortages can frequently occur. AQUASTAT is FAO's global information system on water and agriculture, developed by the Land and Water Division. Among others activities, FAO/AQUASAT collects, analyzes, and publicizes information on water resources, water uses, and agricultural water management. By using this method IBERDROLA can identify which of its facilities or revenues could be place in water stressed areas. WRI definition in combination with the FAO/AQUASAT data base allows IBERDROLA to affirm that the Company DOES NOT have any plant located in any area considered Water Stressed but we are aware of all areas suffering this problem (attached references: 2012 Sustainability Report, Page 103). Key performance indicators, such as water needs and water consumption/overall production, are used. The government establishes and controls surface levels limits and ecological flows at the hydroelectric generation reservoirs, avoiding the capture of water in areas with hydrologic stress. In addition IBERDROLA uses environmental assessments in order to monitoring and control water quality by use of ISO 14001 as a tool for ongoing improvement (total hydroelectric production in Spain is under ISO14001 standards) and EMAS certification for promoting the transparency of information. IBERDROLA has a system for monitoring the use and characteristics of water in each production facility: there is a tool for developing water maps for all of each plant and we know the virtual water related to each plant (which is systematically track by law).

2.1c

You may explain here why you are not able to identify which of your operations are located in regions subject to water stress and whether you have plans to investigate this in the future.

2.2

Are there other indicators (besides water stress) which you wish to report that help you to identify which of your operations are located in regions subject to water-related risk?

2.2

Are there other indicators (besides water stress) which you wish to report that help you to identify which of your operations are located in regions subject to water-related risk?

Yes

2.2

Are there other indicators (besides water stress) which you wish to report which help you to identify which of your operations are located in regions subject to water-related risk?

2.2a

Please list the regions at risk where you have operations, the relevant risk indicator and proportion of your total operations in that area.

Country or region	River basin	Risk Indicator	Proportion of operations located in this region (%)	Further comments
-------------------	-------------	----------------	---	------------------

2.2a

Please list the regions at risk where you have operations, the relevant risk indicator and proportion of your total operations in that area.

Country or region	River basin	Risk Indicator	Proportion of operations located in this region (%)	Further comments
-------------------	-------------	----------------	---	------------------

Country or region	River basin	Risk Indicator	Proportion of operations located in this region (%)	Further comments
Company-wide	Other: All basins where IBERDROLA is located	Flooding	1-10	Climate change can cause changes to weather and precipitations patterns in different regions where IBERDROLA operates. Some regions will become hotter and drier whilst other may become windier, rainier and have greater storms overall. Extreme precipitations may produce flooding affecting hydropower generation. Consequently, IBERDROLA integrates climate change as a transversal element of risk and opportunity in their business plans.
Company-wide	Other: All basins where IBERDROLA is located	Poor water quality	1-10	There is uncertainty related to what changes may occur in weather in the long term, and they could lead to a degradation of water quality in many regions. The low quality of water and its availability may firstly affect the population, and the entire production of goods and services, including electricity generation, distribution and use. We are aware that poor water quality could lead to a possible damage to plants, reducing production, stops for maintenance or even close.
Company-wide	Other: All basins where IBERDROLA is located	Tightening of regulations	11-20	IBERDROLA is exposed to regulatory risk, as it operates in regulated markets around the world. In the international scene, there is a high uncertainty on energy policies regarding climate change mitigation and adaptation. These aspects may impact directly on IBERDROLA's business, and create doubts on possible future regulation. Uncertainty regarding nuclear regulation could lead to the end of this technology. Moreover, the IBERDROLA Group is subject to risks related to the existence of wide-ranging environmental regulations and standards as IBERDROLA's activities involve inherent environmental risks related to waste management, emissions, spillages and the land where facilities are based or where biodiversity might be affected.
Company-wide	Other: All basins where IBERDROLA is located	Poor enforcement of regulations	91-100	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 regulations with less requirements may affect the IBERDROLA Group's business as soon as other companies with lower financial, social and environmental commitment may gain competitive advantage reducing the Group's turnover. It can produce an increase in the problems of bad business practices that might lead to an increase our insurance premiums, and may have a significant impact in some strategic places where the Company has generation plants.
Company-wide	Other: All basins where IBERDROLA is located	Inadequate water infrastructure	1-10	Problems associated with poor infrastructures may cause direct decrease in the production efficiency of IBERDROLA, by increasing the frequency of shutdowns and maintenance, causing an increase in water consumption and will required a

Country or region	River basin	Risk Indicator	Proportion of operations located in this region (%)	Further comments
				greater investment to get the same production, which could lead to an increase in energy prices.
Company-wide	Other: All basins where IBERDROLA is located	Inadequate access to water and sanitation	1-10	Access to water resources and sanitation is essential for the development of any population and business. The materiality analysis for IBERDROLA has reflected a low risk associated with the supply of water (5% of significance for IBERDROLA). 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 image.
Other: Latin America	Other: All basins where IBERDROLA is located in Latin America	Poor water quality	21-30	In Latin America, independent separation networks are used for industrial and sanitary water. The latter is subjected to a final treatment in biodigesters, whereas process water goes through hydrocarbon separators before it is returned together with the cooling water to a natural medium or sent to municipal water-treatment plants. In Mexico, La Laguna plant collects sewage for all its processes, and so the water discharged by this plant has better quality than the collected water as regards certain parameters. Mainly plants may affected: Monterrey, Altamira, La Laguna, Golfo, Tamazunchale.
Other: Spain+United Kingdom	Other: All basins where IBERDROLA is located in Spain and UK.	Poor water quality	51-60	Thermal generation power plants in Spain and United Kingdom have water-treatment facilities to treat the waste water before it is returned to the receiving medium (sea, dam or river). Process waters are subject to physical and chemical treatments including 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. Cofrentes nuclear power plant meets the discharge limits imposed by the Hydrographic Confederation of the Júcar. These limits ensure that the conditions established for qualifying the basin's section where the plant's discharge takes place are met and, therefore, the use of the water downstream from the discharge area is guaranteed. Unusually, water collection at this plant takes place downstream from the discharge point. Thus, the plant is the first user located downstream from the discharge area, and the first one to be affected by any potential impact on the river's water quality. The various environmental

Country or region	River basin	Risk Indicator	Proportion of operations located in this region (%)	Further comments
				monitoring programmes (PVRA, hydrobiological programme, etc.) confirm that the plant's discharge activities have entailed no significant impact outside the facilities.

2.2a

Please list the regions at risk where you have operations, the relevant risk indicator and proportion of your total operations in that area.

Country or region	River basin	Risk Indicator	Proportion of operations located in this region (%)	Further comments

2.2b

You may explain here why you do not wish to report or why you do not use other indicators to identify which of your operations are located in regions subject to water-related risk.

2.2b

You may explain here why you do not use or wish to report other indicators to identify which of your operations are located in regions subject to water-related risk.

2.2b

You may explain here why you do not use or wish to report other indicators to identify which of your operations are located in regions subject to water-related risk.

2.3

Please specify the total proportion of your operations that are located in the regions at risk which you identified in questions 2.1 and/or 2.2.

2.3

Please specify the total proportion of your operations that are located in the regions at risk which you identified in questions 2.1 and/or 2.2.

0%

2.3

Please specify the total proportion of your operations that are located in the regions at risk which you identified in questions 2.1 and /or 2.2.

2.4

Please specify the basis you use to calculate the proportions used for questions 2.1 and/or 2.2.

Basis used to determine proportions	Please add any comments here
-------------------------------------	------------------------------

2.4

Please specify the basis you use to calculate the proportions used for questions 2.1 and/or 2.2.

Basis used to determine proportions	Please add any comments here
Number of facilities	Due to IBERDROLA's business, currently there is no facility or revenue located in water-stressed area and the main future risks related to water management impact on the Company's operation, are in activities related to water withdrawal and discharges.

2.4

Please specify the basis you use to calculate the proportions used for questions 2.1 and/or 2.2

Basis used to determine proportions	Please add any comments here
-------------------------------------	------------------------------

Attachments

[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/2.RiskIndicators-Operations/Policy Against Climate Change.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/2.RiskIndicators-Operations/Policy%20Against%20Climate%20Change.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/2.RiskIndicators-Operations/Sustainability Report 2012.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/2.RiskIndicators-Operations/Sustainability%20Report%202012.pdf)

Page: water-indicators-sc

2.5

Do any of your key inputs or raw materials (excluding water) come from regions subject to water-related risk?

No

2.5a

Please state or estimate the proportion of your key inputs or raw materials that come from regions subject to water-related risk.

Country or region	River basin	Input or material	Proportion of key input or raw material that comes from region at risk (%)	Unit used for calculating percentage	Further comments
-------------------	-------------	-------------------	--	--------------------------------------	------------------

2.5b

You may explain here why you are not able to identify if any of your key inputs or raw materials come from regions subject to water-related risk and whether you have plans to explore this issue in the future.

Further Information

IBERDROLA considers its supply chain on the Water indicators. In the countries that suffer water-stressed, the Company does not perform any activity in the procurement area. In fiscal year 2012, the total amount allotted in these countries represents **only 0.01% of the total amount allotted** by the Group (general supply procurement), being mainly Qatar and United Arab Emirates.

Attachments

[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/2.RiskIndicators-SupplyChain/Supplier Contracting and Relationship Policy.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/2.RiskIndicators-SupplyChain/Supplier%20Contracting%20and%20Relationship%20Policy.pdf)

[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/2.RiskIndicators-SupplyChain/Sustainability Report 2012.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/2.RiskIndicators-SupplyChain/Sustainability%20Report%202012.pdf)

Page: water-3-riskassess-op

3.1

Is your company exposed to water-related risks (current or future) that have the potential to generate a substantive change in your business operation, revenue or expenditure?

Yes

3.1a

Please describe (i) the current and/or future risks to your operations, (ii) the ways in which these risks affect or could affect your operations before taking action, (iii) the estimated timescale of these risks, and (iv) your current or proposed strategies for managing them.

Country or region	River basin	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
Company-wide	Other: All basins where IBERDROLA is located	01. Physical: Declining water quality	Access to water resources is essential to the development of any population and business. Even if IBERDROLA's facilities are located in an excellent strategic position not being object of water risk in the short term, we are aware that pollution and poor water quality could lead to a possible damage to plants, reducing production, increasing the stops for maintenance or even close.	6 – 10	The principal water withdrawn within the Group's activities takes place in the cooling systems, processes and standby services for the thermal generation plants. Most of the water is returned to the environment, partly as evaporated water and the rest included in discharges from the facilities. In all our plants, water is discharged under constant monitoring of various parameters (temperature, turbidity, conductivity, etc.) by the Company and the Administration, to make sure that the characteristics of the effluent are always below the established limits. For instance, all the thermal power-generation plants in Spain have treatment systems that treat residual water before discharging it into the natural receptor environment. Water from the process undergoes physicochemical treatment, which includes the separation of hydrocarbons. Wastewater is treated in compact treatment systems with biological aerobic processes. As regards the treatment of discharges, at the Vellilla thermal plant in Spain, biological treatment for desulphurisation commenced in April 2012 at the Effluents Treatment Plant, to reduce nitrides and nitrates in the discharge.

Country or region	River basin	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
					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.
Company-wide	Other: All basins where IBERDROLA is located	02. Physical: Flooding	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.	11 – 20	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 very strong awareness of the physical risks associated with water availability. The assessment of risk is an ongoing activity, which is developed at various levels of risk control within the company. The risks are informed by individual assessment, industry experience and assistance from various expert groupings. For instance, the restoration and support efforts in the aftermath of Hurricane Sandy made by Iberdrola USA subsidiaries Central Maine Power (CMP), NYSEG and RG&E is clear example of best practice during emergency situations produced by climate disasters. The three utilities amassed more than 6,000 people to handle a cumulative total of nearly 500,000 electric service interruptions spread across Maine and New York. Once their own customers had been restored, the companies released nearly 1,800 line, bucket, pole-setting, digger, tree, gas and supervisory employees and contract

Country or region	River basin	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
					workers to assist National Grid (LIPA), Consolidated Edison, Connecticut Light & Power and FirstEnergy utilities. NYSEG also supplied poles, transformers and natural gas regulators to ConEd for their restoration efforts in New York City.
Company-wide	Other: All basins where IBERDROLA is located	03. Physical: Increased water stress or scarcity	<p>These risks have the potential to impact present operations and assets of the company in different ways. They also present challenges in planning for future investments. 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 re-calibration of certain plan operations.</p>	6 – 10	<p>IBERDROLA's facilities are located in an excellent strategic position not being object of physical risk in the short term. Therefore, in the existing facilities the critical elements are being reinforced, and, on the other hand, physical security requirement is a priority element considered in the construction of the new facilities of Generation and Distribution. The Group is aware of future scarcity problems, especially fresh water for population and ecosystems. No situations were recorded during financial year 2012 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. As can be seen in indicator EN8 from our Sustainability Report 2012, 79.1 % of the water captured is salt-water or brackish water and does not occur in protected areas. As we stated before, IBERDROLA has developed a very strong awareness of the physical risks associated with water availability. In the UK, the company is working with 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. Various Materiality Studies have been carried out in recent years, which consist of reviewing various external sources</p>

Country or region	River basin	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
					<p>that may reasonably reflect the issues regarded as more significant by the various stakeholders in connection with the Company's activities. The result of these studies allows IBERDROLA to improve its performance. The last materiality analysis done for IBERDROLA has reflected a low risk associated with the supply of water (5% of significance for IBERDROLA). However, IBERDROLA tries to focus its efforts to solve problems which could 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.</p>
Company-wide	Other: All basins where IBERDROLA is located	06. Regulatory: Higher water prices	Increase of operational costs due to the possible imposition of new taxes for using water, with the corresponding increase in the cost of the energy.	1 – 5	<p>The principal water capture to carry out the Group's activities takes place in the cooling systems, processes and standby services for the thermal generation plants. Consumption of water in relation to global production (m3/GWh) has changed the downward trend of recent years due to the increase in coal and nuclear thermal production and the decrease in production with gas combined cycles and hydroelectric plants. IBERDROLA, as a leader company in low emissions technologies has a long-term industrial project which is sound, profitable and creates value, rooted in a strategy of sustainable growth, and by working every day to offer more respectful energy sources, where the reduction of water consumption is a fundamental issue. At the corporate level, we track and monitor the following statements at a local level: estimation of future potential regulatory changes and</p>

Country or region	River basin	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
					<p>Scenario analysis with potential impact of regulatory or tariff changes on operations. Company's comprehensive risk system, which is certified in accordance with the UNE-EN-ISO 9001:2000 standard, and which takes into account the principal environmental risks at the Group level, covers all of the Company's activities and business units, including affiliates over which the Company has effective control. Related to the identification of Water Stressed areas, the Company combine the WRI definition of Water Stressed areas, which indentify this place as a water supply less than 1700 m3 per capita and year, based on the 'Falkenmark indicator' or 'water stress index'. Toward FAO/AQUASAT database IBERDROLA indentifies whether the countries where the Company has facilities could possible be classified as a Water Stressed area. This method allows confirming that the Company does not have any facility or revenue located in Water Stressed areas. In this regards risk caused by possible location in Water Stressed areas in the short term is not a problem for the Company.</p>
Company-wide	Other: All basins where IBERDROLA is located	07. Regulatory: Increased difficulty in obtaining operations permit	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 and complying with the terms and conditions of the licences, permits and authorisations. Moreover, 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	Current	<p>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.</p>

Country or region	River basin	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
			waste, emissions, or spillages which might affect the Group's image and reputation.		
Company-wide	Other: All basins where IBERDROLA is located	10. Regulatory: Regulatory uncertainty	New hydrological plans, developing the European Water Frame Directive, could cause disruptions in business operations. The Water Framework Directive is the most substantial piece of water legislation to be produced by the European Commission. Fundamentally, it is a set of guidelines for managing large bodies of water, improving water quality and reducing potential hazards such as flooding. It aims to protect, improve and ensure the sustainable management of water resources to a common standard across the EU. The directive requires all inland and coastal waters to reach 'good chemical and ecological status' for surface waters and 'good status' for groundwater in terms of quality and quantity by 2015. Each member state is making plans to protect and improve rivers, lakes and coastal waters, to prevent flooding and manage droughts.	1 – 5	In the UK this includes River Basin Management Plans for distinct areas, which were 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.
Other: European sector	Other: All basins where IBERDROLA is located in Europe	10. Regulatory: Regulatory uncertainty	IBERDROLA is exposed to regulatory risk and potential changes in product standards, as it operates in regulated markets around the world. New regulations may impact directly on IBERDROLA's business, and create doubts on possible new future legislation regarding production, distribution and development of the energy resource.	1 – 5	IBERDROLA is thus acquainted with the concerns and proposals of regulatory entities and puts forward the Company's own opinions in the legitimate defence of its interests and those of its shareholders, customers, and users. It also actively participates both in "public hearings" held by regulatory entities in order to ascertain the opinions of the players involved in the processes prior to the revision of regulations or the determination of domestic energy policies, and in the official processes of enactment of the laws and regulations and the monitoring of the application thereof. As a general rule, IBERDROLA works for the approval of and respect for the principles of

Country or region	River basin	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
					<p>good regulation: proportionality, effectiveness and efficiency, responsibility and independence, consistency and credibility, and, finally, transparency and clarity. In addition to its direct relationships with regulatory entities, IBERDROLA and the companies of its corporate Group participate in the regulatory process through the domestic and international trade associations of which they are members. Particularly significant are Unesa in Spain and Eurelectric in Europe. They also have presence within forums and organisations that engage in discussions and research on regulatory matters.</p>
Company-wide	Other: All basins where IBERDROLA is located	15. Other: Reputational damage	IBERDROLA 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 – 10	<p>IBERDROLA has developed a general System on Stakeholder Engagement, to control reputation risks. There is a Reputation Committee, internal body chaired by the Director of Corporate Resources, in order to coordinate and monitor the reputational and corporate responsibility issues in the IBERDROLA Group. The Board of Directors created a Corporate Social Responsibility Committee (within the Board) in 2010. 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 IBERDROLA, competitors and other companies. The REPTRAK tool studies 26 attributes relating to a company's corporate reputation. These attributes are classified under seven</p>

Country or region	River basin	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
					<p>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. Iberdrola USA CEO Bob Kump (holding the EEI Emergency Recovery and Assistance Awards) with EEI Chairman Lew Haylberdrola USA subsidiaries Central Maine Power (CMP), NYSEG and RG&E each have won both the Edison Electric Institute 2012 Emergency Recovery Award and the Emergency Assistance Award for their restoration and support efforts in the aftermath of Hurricane Sandy.</p>
Company-wide	Other: All basins where IBERDROLA is located	16. Other: Inadequate infrastructure	Problems associated with poor infrastructures may cause direct decrease in the IBERDROLA's production efficiency, increasing the frequency of shutdowns and maintenance, causing an increase in water consumption and the need of greater investment to get the same production, which lead to increase energy prices.	Current	<p>The principal water capture to carry out the Group's activities takes place in the cooling systems, processes and standby services for the thermal generation plants. IBERDROLA is implementing the best available technology to improve the collection and reduce water consumption at its plants, such as reusing waste water, capturing rainwater and improving process efficiency. In 2012, at La Laguna and Monterrey combined cycle plants in Mexico and Klamath cogeneration plant in the United States, a system has been designed for reusing water from the pool, at the Velilla plant, there was a complete overhaul of the water treatment plant and automation thereof within the plant's control system, and the final flow meter control for water discharges was replaced by one with lower maintenance and easier calibration. It should be also noted that half of ScottishPower's wind farms have rooftop rainwater collectors and storage tanks to use the water at the control buildings.</p>

3.1b

Please explain why you do not consider your company to be exposed to any water-related risks that have the potential to generate a substantive change in your business operation, revenue or expenditure.

3.1c

Please explain why you do not know if your company is exposed to any water-related risks that have the potential to generate a substantive change in your business operation, revenue or expenditure, and if you have plans to assess this risk in the future.

3.2

What methodology and what geographical scale (e.g. country, region, watershed, business unit, facility) do you use to analyze water-related risk across your operations?

Risk methodology	Country or geographical scale
<p>The risk identification process is wide in the company - beyond the traditional environmental functions. IBERDROLA has three specific policies relating to the management of environmental aspects (the Environmental, the Biodiversity and the Policy against Climate Change). They determine the specific directives to follow in the processes of determining and developing its strategy and investments as well as in the function and control of environmental risks. The management tools available to the Group are the following: The Company's comprehensive risk system was certified in accordance with the UNE-EN-ISO 9001:2008 standard, and which takes into account the principal environmental risks. It covers all of the Company's activities and business. During 2012, a methodology was developed in order to harmonize the identification criteria, assessment, and prioritization of environmental risks, which was applied as a pilot project at the Renewables Business; plans have been designed for application at the various businesses during 2013. This methodology following UNE 150.008:2008 is supported by a technical system that ensures the use thereof in the territories in which the Group operates. Specific training of employees on environmental issues, dedicating almost 18,536h in 2012. A supplier information and tracking model. There are commitments in the Procurement area to "foster environmental responsibility and promote strict compliance by suppliers with contractual conditions and current</p>	<p>Other: Company-wide</p>

Risk methodology	Country or geographical scale
<p>legislation, with particular emphasis on respect for the principles established in the United Nations Global Compact". The procurement terms of the IBEDROLA establish certain environmental requirements to meet this commitment, and the Company performs various tracking/reporting activities on an ongoing basis. In 2012, 71.1% of awards were made to suppliers with a certified environmental management system. A system for reporting incidents and anomalies, which is used as a decision-making factor for investments in preventive measures. It covers all the business units in Spain, the UK and Mexico. Monitoring of environmental regulations, which takes place at the regional level (Spain, the UK, Brazil, Mexico, and the USA), with coordination functions for Spain and the UK as regards matters that are European in scope.</p>	

Attachments

[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Policy Against Climate Change.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Policy%20Against%20Climate%20Change.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Biodiversity Policy.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Biodiversity%20Policy.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Environmental certificate.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Environmental%20certificate.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Sustainability Report 2012.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Sustainability%20Report%202012.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Environmental Policy.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Environmental%20Policy.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Emergency Recovery Award.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-Operations/Emergency%20Recovery%20Award.pdf)

Page: water-riskassess-sc

3.3

Do you require your key suppliers to report on their water use, risks and management?

Yes

3.4

Is your supply chain exposed to water-related risks (current or future) that have the potential to generate a substantive change in your business operation, revenue or expenditure?

Yes

3.4a

Please describe (i) the current and/or future risks to your supply chain, (ii) the ways in which these risks affect or could affect your operations before taking action, (iii) the estimated timescale of these risks and, (iv) your current or proposed strategies for managing them.

Country or region	River basin	Risk type (to supplier)	Potential business impact (to responding company)	Estimate timescale (years)	Risk management strategies (by responding company)
Company-wide	Other: All basins where IBERDROLA is located	05. Regulatory: Changed product standards	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 – 10	IBERDROLA is committed to research, development and innovation, which are strategic variables for confronting the challenges facing the Company. In this regards we are in a continuous improvement to adapt all our facilities by implementation of an innovative management and technology strategy over the last decade, which has led us to become a world leader and benchmark in R&D, thanks to the successful implementation of a common model in all areas, collaboration with our technology providers and the promotion of culture of innovation. We are committed to increasing the utilization of diverse businesses for our procurement needs. We value building strong relationships with our diverse suppliers; these relationships give us the competitive advantage as being one of the best in the utility market. Through our efforts, we are able to seek out suppliers who are capable of providing the best service in terms of cost, quality and delivery. Please find attached the IBERDROLA's Supplier Contracting and Relationship Policy.
Company-wide	Other: All basins where IBERDROLA is located	15. Other: Reputational 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	6 – 10	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

Country or region	River basin	Risk type (to supplier)	Potential business impact (to responding company)	Estimate timescale (years)	Risk management strategies (by responding company)
			image and reputation of the Group, and finally in a reduction in capital availability.		contractual conditions requiring that the parties act within stringent levels of security, occupational risk prevention, and respect for the environment. Once the suppliers have registered in our Global Suppliers Management System, suppliers are evaluated on the basis of their technical and production capabilities, among other things, and their status in the following areas is weighted: - Quality - Safety and occupational risk prevention - Environment - Social Responsibility - Economic and financial condition - Prior references - Anti-bribery & Corruption assessment. The status of suppliers as regards sustainability, the first four areas mentioned above, has a weight of 40% in the total score. 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.
Company-wide	Other: All basins where IBERDROLA is located	13. Other: Litigation	Increased operational cost in order to pay possible fines to respond for the supplier in civil or criminal jurisdiction.	6 – 10	Suppliers are assessed taking into account their technical and production capacity, amongst other criteria, and their credentials are weighted in the following areas: • Quality • Safety and occupational risk prevention • Environment • Social responsibility • Economic financial situation • Anti-bribery & Corruption assessment. The concept of responsible procurement, which means that goods and services must be produced or delivered in line with the aims of environmental sustainability and social justice, is present in contracts with suppliers. We continue to use our purchasing power to achieve win-win solutions by building supply chains that provide responsibly sourced products and services and balance the benefits of globalisation with the health of our local and national economies. During financial year 2012, there were no human-rights problems discovered with suppliers.
Company-wide	Other: All basins where IBERDROLA is located	02. Physical: Flooding	Increased operational cost related to important materials for ongoing business operation.	6 – 10	Environmental Corporate Department has included, as part of the Environmental Scorecard of the Group, the most important operational risks per region and business to get an overall view and to raise coordinated actions plans if

Country or region	River basin	Risk type (to supplier)	Potential business impact (to responding company)	Estimate timescale (years)	Risk management strategies (by responding company)
					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.

3.4b

Please explain why you do not consider your supply chain to be exposed to any water-related risks that have the potential to generate a substantive change in your business operation, revenue or expenditure.

3.4c

Please explain why you do not know if your supply chain is exposed to any water-related risks that have the potential to generate a substantive change in your business operation, revenue or expenditure, and if you have plans to assess this risk in the future.

Attachments

[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-SupplyChain/Innovation Report.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-SupplyChain/Innovation%20Report.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-SupplyChain/IBERDROLA's environmental management system.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-SupplyChain/IBERDROLA's%20environmental%20management%20system.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-SupplyChain/Supplier Contracting and Relationship Policy.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/3.RiskAssessment-SupplyChain/Supplier%20Contracting%20and%20Relationship%20Policy.pdf)

4.1

Has your business experienced any detrimental impacts related to water in the past five years?

Yes

4.1a

Please describe these detrimental impacts including (i) their financial impacts and (ii) whether they have resulted in any changes to company practices.

Country	Impact indicator	Description of impact	Response strategy
Company-wide	Inadequate water infrastructure	A fine of 4,466,443 Euros was imposed during the financial year 2012 in Brazil, which affected hydroelectric projects under construction.	The Company have appealed this fine. No situations were recorded during financial year 2012 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. 79.1 % of the water captured is salt-water or brackish water and does not occur in protected areas.
Company-wide	Other: Use of water	IBERDROLA has been decreasing its use of water until 2012. This year has increased due to an augmentation in thermal production (coal and nuclear), which led to higher water needs for cooling, processes, and standby services, particularly if arising from facilities with a closed cooling circuit. Consumption of water in relation to global production (m3/GWh) has changed the downward trend of recent years due to the increase in coal and nuclear thermal production and the decrease in production with gas combined cycles and hydroelectric plants.	IBERDROLA is greatly concerned with finding savings and greater efficiency in their processes to improve and conserve this scarce resource. 97.4 % 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. 0.6 % of the collected water is consumed and/or retained in the various processes and 2 % is returned to the environment in the form of steam generated at the cooling systems of the thermal power plants. In the case of the cogeneration and combined cycle plants of Tarragona Power, part of the water collected is reused in the form of steam, supplying calorific energy equal to 6,734.4 GWh, which is used for industrial processes or heating systems. At the Escombreras combined cycle plant, there has been a reduction in the consumption of potable water at the demineralised water treatment plant, reusing industrial effluents. 9.26 % of industrial effluents were recovered as compared to the potable water consumed, and there is a 1,144 m3 reduction in potable water.

Country	Impact indicator	Description of impact	Response strategy
			<p>There has also been an improvement in the recirculation of saltwater in the cooling process for the plant's standby systems, reducing the water captured in the receptor environment by 150 hm3. The reuse of treated wastewater for the cooling systems of some plants in Mexico (Monterrey, La Laguna) and in the United States (Klamath) is also noteworthy. The latter uses 2.4 % water from the network and 97.6 % wastewater for all of its processes. In the United Kingdom, the Rye House combined cycle power station can reduce up to 75 % of water use through a rainwater collection system which, after being treated, is used as process water. In 2012, the volume of rainwater reused was 30,024 m3, which was higher than the previous year. Half of ScottishPower's wind farms have rooftop rainwater collectors and storage tanks to use the water at the control buildings.</p>

4.1b

Please explain why you do not know whether your business has experienced any detrimental impacts related to water in the past five years and if you have any plans to explore this in the future?

Page: Water-5-Opportunities

5.1

Do water-related issues present opportunities (current or future) that have the potential to generate a substantive change in your business operation, revenue or expenditure?

Yes

5.1a

Please describe (i) the current and/or future opportunities, (ii) the ways in which these opportunities affect or could affect your operations (iii) the estimated timescale and (iv) your current or proposed strategies for exploiting them.

Country or region	Opportunity type	Potential business impact	Estimated timescale	Strategy to exploit opportunity
Spain	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.	6 – 10	IBERDROLA has an installed capacity of 306 MW in mini hydro plants. This capacity includes 176 MW under the Ordinary Production Regime for electrical energy and the rest under the terms of the Special Regime.
Portugal	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.	6 – 10	In 2008, an agreement was signed with the Portuguese Government for the construction of the Tamega river hydroelectric complex, one of the largest to be built in Europe in the past 25 years, with 1,054 MW in capacity. More information about the Tamega Project is available on the following website Alto Tamega Project.
Brazil	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.	6 – 10	In Brazil IBERDROLA has a 39% interest in Neoenergia, the largest distributor in north-eastern Brazil, with the largest number of customers in the country (30 million customers and 8.8 million supply points). It is also developing major hydro projects in the country, notably Telepires (900MW), Baixo Iguaçu and Belo Monte (1500 MW) development. In 2011 the Gross Margin amounted to EUR 1,236.6 million.
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	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 up to 75 % of water use through a rainwater collection system which, after being treated, is used as process water. In 2012, the volume of rainwater reused was 30,024 m3, which was higher than the previous year. Half of ScottishPower's wind farms have rooftop rainwater collectors and storage tanks to use the water at the control buildings.

Country or region	Opportunity type	Potential business impact	Estimated timescale	Strategy to exploit opportunity
Other: Mexico and United States of America	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	At La Laguna and Monterrey combined cycle plants in México and Klamath cogeneration plant in the United States, the water collected for cooling comes from municipal wastewater, which is filtered at treatment plants. The effluent is captured and treated at the facility, generating a positive impact by returning better quality water into the environment than the water collected. The latter uses 2.4 % water from the network and 97.6 % wastewater for all of its processes.
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	In the case of the cogeneration and combined cycle plants of Tarragona Power, part of the water collected is reused in the form of steam, supplying calorific energy equal to 6,734.4 GWh in 2012, which is used for industrial processes or heating systems. At the Escombreras combined cycle plant, there has been a reduction in the consumption of potable water at the demineralised water treatment plant, reusing industrial effluents. 9.26 % of industrial effluents were recovered as compared to the potable water consumed, and there is a 1,144 m3 reduction in potable water. There has also been an improvement in the recirculation of saltwater in the cooling process for the plant's standby systems, reducing the water captured in the receptor environment by 150 hm3. Attachments are evidences of IBERDROLA's strategy to exploit opportunities water-related and the potential business impacts caused by this opportunities.
Company-wide	Increased brand value	Improve image due to IBERDROLA's water-related actions.	1 – 5	Related to the compliance of transparency commitment, IBERDROLA tries to promote to make public its actions in the parameters disclosure through the EMAS. IBERDROLA is signatory of the Global Round Table on Climate Change. In March 2012 the Water CEO Mandate was signed and all the information about water strategy through the CDP Water is published in the Water CEO Mandate webpage, available for everyone. In addition, no situations were recorded during financial year 2012 that significantly affect water

Country or region	Opportunity type	Potential business impact	Estimated timescale	Strategy to exploit opportunity
				resources or the habitats associated with the water-collection points, which are for the most part significant masses of fresh water or salt-water. 79.1 % of the water captured is seawater or saltwater and does not occur in protected areas.
Company-wide	Other: Positive impacts of generation of electrical energy	In addition to its direct economic impact as a result of the monetary flows generated, the IBERDROLA Group also causes other additional effects or indirect impacts such as those described in this section. Of all of the activities engaged in, those relating to the generation of electrical energy, where hydraulic plants have a key role, are the ones with 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.	Current	Electricity production, transmission, and distribution facilities are built in dispersed geographic locations, and often in depressed areas. This contributes to the generation of economic activity, boosting the regional economy in the areas where construction takes place. Such facilities generate significant indirect employment in the region, requiring accommodation, health, mechanical, and transport services, amongst others. In addition, it strengthens the development of the related infrastructure, especially in rural areas, and, in the case of offshore wind farms, results in improvements to port infrastructure. Electricity activity generates taxes, tributes, and levies at the local, regional, and national level, and allows for the generation of significant income in economically disadvantaged areas, with governments receiving various millions of Euros from the activity, along with the increased taxes raised as a result of greater commercial and financial activity. It is estimated, for example, that numerous companies are contracted during the construction of an 800 MW combined cycle plant, many of them in the area, with an average of 400 persons working, 800 persons during peak periods and 50 permanent jobs during the operational phase. IBERDROLA's experience is that a significant percentage of them come from the area.

5.1b

Please explain why you do not consider water-related issues to present opportunities to your company that have the potential to generate a substantive change in your business operation, revenue or expenditure or supply chain.

5.1c

Please explain why you do not know whether water-related issues present opportunities to your company that have the potential to generate a substantive change in your business operation, revenue or expenditure.

Attachments

[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/5.Opportunities/ESCOMBRERAS ENVIRONMENTAL STATEMENT.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/5.Opportunities/ESCOMBRERAS%20ENVIRONMENTAL%20STATEMENT.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/5.Opportunities/IBERDROLA's CEO WATER MANDATE endorsment.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/5.Opportunities/IBERDROLA's%20CEO%20WATER%20MANDATE%20endorsment.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/5.Opportunities/IBERDROLA's public water strategy.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/5.Opportunities/IBERDROLA's%20public%20water%20strategy.pdf)

Page: Water-6-tradeoffs

6.1

Has your company identified any linkages or trade-offs between water and carbon emissions in its operations or supply chain?

Yes

6.1a

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

Linkage or trade-off	Policy or action
Linkage	<p>Water and energy use are correlated. Increasing water risk, flood risk along and decline in water quality are possible future risks for IBERDROLA. The Policy against Climate Change was approved by the Board of Directors on December 15, 2009, and is applied to support compliance with international treaties; to support the development of efficient technologies in terms of GHG emissions; to encourage an efficient internal use of energy, and to raise customers' awareness regarding efficient and responsible energy consumption. In order to implement these commitments, IBERDROLA's actions shall observe the following basic action principles: support compliance with international treaties; promote the implementation of management systems that allow for the fight against climate change; foster improvements in its daily activities in order to keep emissions levels below the recommendations of the international agencies and international treaties in the electricity sector, encourage improvements in the performance of distribution networks, endorse a culture oriented toward an efficient and responsible internal use of energy, encourage customers to adopt behaviours favouring a responsible use of energy and participate in public or private opinion forums in order to be apprised of the best practices that may contribute to mitigating climate change. Emissions avoided due to energy efficiency initiatives (24 million tons of CO₂) assure a minor use of water resource for cooling systems. A new eco-design methodology has been developed for substations, to provide improvements in the quantity and water use and associated emissions.</p>
Linkage	<p>There is a clear connection regarding the emissions avoided and the savings in water consumption. Water use and carbon emissions are environmental impacts which should be assessed from a global point of view. The Global Management System includes the following operating elements: - To develop a Clean Production System. - To develop a process of ongoing improvement, efficiency and innovation. In 2012, which was a dry year, a reduction in hydraulic production (-33 %) caused less use of water and the corresponding reduction in emissions. IBERDROLA is committed to reducing the intensity of its emissions in 2020 by 30 % below its 2007 level. Has to be noted the increase in emission-free production from 49 % in 2011 to 52 % in 2012. The Environmental Impact Assessments is a key element of the System that determines the quality of the environmental strategy developed, defines the criteria for mitigation of the Group's environmental risk and used to calculate the value generated by such strategy.</p>
Linkage	<p>Water use and carbon emissions are important elements in the same production systems where an environmental and risk framework is needed. Specific environmental management systems, based on the UNE-EN-ISO 14001:2004/EMAS standard, distributed and implemented throughout the organization, supporting the operations and traceability of the above elements and making it possible to reduce environmental risks, improve resource management, and optimize investments and costs. The Company's comprehensive risk system is certified in accordance with the UNE-EN-ISO 9001:2000 standard, which takes into account the principal environmental risks at the Group level. It covers all of the Company's activities and business units, including affiliates over which the Company has effective control. IBERDROLA has a Global Environmental Management System implemented in accordance with the UNE-EN ISO 14001:2004 standard, which was certified in 2006 and it has been renewed in 2012 by the Spanish Standardisation and Certification Association (AENOR) enables environmental risks to be minimised by improving resource management and optimising investments and costs.</p>
Linkage	<p>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. With its commitment with the society, IBERDROLA is developing awareness campaigns on saving and water use efficiency. For instance, in 2012 water improvement and repurposing projects have been carried out and several "Energy Classrooms" that offer educational space to the public have been opened. IBERDROLA uses social media as an effective tool to sensitize both its employees and society. In 2012, news were published on its internal page, on the website against climate change and in the Company's Blog that demonstrates our interest and commitment. (Please check the attachments).</p>

Further Information

Attachments

[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/6.ManagingTrade-offsbetweenWaterandCarbonEmissions/Iberdrola Presence in Social Network.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/6.ManagingTrade-offsbetweenWaterandCarbonEmissions/Iberdrola%20Presence%20in%20Social%20Network.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/6.ManagingTrade-offsbetweenWaterandCarbonEmissions/Environmental Policy.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/6.ManagingTrade-offsbetweenWaterandCarbonEmissions/Environmental%20Policy.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/6.ManagingTrade-offsbetweenWaterandCarbonEmissions/Iberdrola against climate change webpage screenshot.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/6.ManagingTrade-offsbetweenWaterandCarbonEmissions/Iberdrola%20against%20climate%20change%20webpage%20screenshot.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/6.ManagingTrade-offsbetweenWaterandCarbonEmissions/Policy Against Climate Change.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/6.ManagingTrade-offsbetweenWaterandCarbonEmissions/Policy%20Against%20Climate%20Change.pdf)
[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/6.ManagingTrade-offsbetweenWaterandCarbonEmissions/Environmental certificate.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/6.ManagingTrade-offsbetweenWaterandCarbonEmissions/Environmental%20certificate.pdf)

Module: Water-Accounting**Page: Water-7-Withdrawals**

7.1

Are you able to provide data, whether measured or estimated, on water withdrawals within your operations?

Yes

7.1a

Please report the water withdrawals within your operations for the reporting year.

Country or region	River basin	Withdrawal type	Quantity (megaliters/year)	Proportion of data that has been verified (%)	Comments
Company-wide	Other: All basins where IBERDROLA is located	Surface	3631072.11	76-100	All water collection is strictly regulated by government Administrations, which assign permits and determine the maximum allowed volumes of collection to ensure that there are no significant impacts. The principal water withdrawal to carry out the Group's activities takes place in the cooling systems, processes and standby services for the thermal generation plants. Most of the water is returned to the environment, partly as evaporated water and the rest included in discharges from the facilities. When fresh water is captured for the cooling of thermal plants, a portion evaporates and the remainder is returned to the environment (closed circuit), and when salt-water or brackish water is withdrawn, the majority is returned to sea without significantly changing its state (open circuit). The majority of this surface water withdrawal is salt water or brackish water: 2,881,977.86ML. Rest of figures are from rivers water withdrawal: 400,053.4ML, and lakes/reservoirs water withdrawal: 349,040.85 ML.
United Kingdom	Other: All basins where IBERDROLA is located in United Kingdom	Groundwater	474.58	76-100	Groundwater is only captured at Damhead Creek CCGT and Longannet Thermal Plant in United Kingdom. Damhead Creek CCGT manages a 32 ha mitigation area for its biodiversity communities, including wetlands, coastal grasslands, and woodland and bush areas. It also has protective measures to improve the conditions of the principal species, such as the water rat.
Company-wide	Other: All basins where IBERDROLA is located	Rainwater	78.01	76-100	In the United Kingdom, the Rye House combined cycle power station can reduce up to 75 % of water use through a rainwater collection system which, after being treated, is used as process water. In 2012, the volume of rainwater reused was 30,024 m3, which was higher than the previous year. Also in United Kingdom , Shoreham plant has a rainwater collection system, and in 2012 47,984 m3 has been reused. It is noteworthy the implemented system in eolic infrastructures for colleting rainwater, however the rainwater amount is still not accounted. Half of ScottishPower's wind farms have rooftop rainwater collectors and storage tanks to use the water at the control buildings.

Country or region	River basin	Withdrawal type	Quantity (megaliters/year)	Proportion of data that has been verified (%)	Comments
Company-wide	Other: All basins where IBERDROLA is located	Wastewater	12334.46	76-100	At La Laguna and Monterrey combined cycle plants in Mexico and Klamath cogeneration plant in the United States, the water collected for cooling comes from municipal wastewater, which is filtered at treatment plants. The effluent is captured and treated at the facility, generating a positive impact by returning better quality water into the environment than the water collected. The latter uses 2.4 % water from the network and 97.6 % wastewater for all of its processes
	Other: All basins where IBERDROLA is located	Municipal water	33255.73	76-100	Water withdrawal from municipal water is consumed at offices and facilities. In 2012 improvements in the corresponding measurement and management processes have been developed.

7.1b

Please explain why you are not able to provide data for water withdrawals.

7.2

Are you able to provide data, whether measured or estimated, on water recycling/reuse within your operations?

Yes

7.2

Are you able to provide data, whether measured or estimated, on water recycling/reuse within your operations?

7.2a

Please report the water recycling/reuse within your operations for the reporting year.

Country or region	River basin	Quantity (megaliters/year)	Proportion of data that has been verified (%)	Comments
Company-wide	Other: All basins where IBERDROLA is located	12365.03	76-100	Iberdrola is integrating new technologies to increase the amount of water reused / recycled in its plants and infrastructures. The calculation includes the rainwater captured in Group facilities, the wastewater from purification systems and part of the water collected which is reused in the form of steam cogeneration and combined cycle plants of Tarragona Power. A 90% of water withdrawal for cooling systems in power stations with closed circuit is recycled several times before being discharged. In this regards the water returned from cooling systems has insignificant physicochemical changes, including thermal changes, which allows it to be utilized by other users without affecting the natural environment. In case of cogeneration and combined cycled plants, the water evaporated is reused as a thermal heat for industrial processes or heating systems. In the case of the cogeneration and combined cycle plants of Tarragona Power, part of the water collected is reused in the form of steam, supplying calorific energy equal to 6,734.4 GWh, which is used for industrial processes or heating systems.

7.2a

Please report the water recycling/reuse within your operations for the reporting year.

Country or region	River basin	Quantity (megaliters/year)	Proportion of data that has been verified (%)	Comments
-------------------	-------------	----------------------------	---	----------

7.2b

Please explain why you are not able to provide data for water recycling/reuse within your operations.

7.2b

Please explain why you are not able to provide data for water recycling/reuse within your operations.

7.3

Please use this space to describe the methodologies used for questions 7.1 and 7.2 or to report withdrawals or recycling/reuse in a different format to that set out above.

Water is captured primarily for the cooling process and for standby services at the thermal power plants. A small proportion 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. Figures provided include total water withdrawal by source (GRI EN8) for cooling systems, processes and stand by services for the thermal generation plants: 3,643,960 ML, and water withdrawal in offices and buildings: 431.563 ML. Figures provided for water reused and recycled include the percentage and total volume of water recycled and reused (GRI EN10). Water recycled represents a 90% of total water withdrawal for cooling systems with closed circuit. And water reused is from wastewater treatment plants; water evaporated in the cooling systems for cogeneration and combined cycle plant. In addition rainwater is also reused after being treated as process water.

7.3

Please use this space to describe the methodologies used for questions 7.1 and 7.2 or to report withdrawals or recycling/reuse in a different format to that set out above.

7.4

Are any water sources significantly affected by your company's withdrawal of water?

No

7.4a

Please list any water sources significantly affected by your company's withdrawal of water.

Country or geographical reach	River basin	Water source	Impact	Company action and outcomes
-------------------------------	-------------	--------------	--------	-----------------------------

7.4b

You may explain here why your company's withdrawal of water does not significantly affect any water sources.

No situations were recorded during financial year 2012 that significantly affect water resources or the habitats associated with the water-collection points, mainly significant masses of fresh water or salt-water. 79.1% of the water captured is salt-water or brackish water and does not occur in protected areas. The government also establishes and controls surface level limits and ecological flows at the hydroelectric generation reservoirs, avoiding the capture of water in areas with hydrologic stress.

At La Laguna and Monterrey combined cycle plants in Mexico and Klamath cogeneration plant in the United States, the water collected for cooling comes from municipal wastewater, which is filtered at treatment plants. The effluent is captured and treated at the facility, generating a positive impact by returning better quality water into the environment than the water collected.

All water collection is strictly regulated by government administrations, which assign permits and determine the maximum allowed volumes of collection to ensure that there are no significant impacts.

The IBERDROLA Group does not have any plants located in areas considered to have water stress. The following websites provide additional information regarding areas of the world currently experiencing water stress.

The following websites provide additional information regarding areas of the world currently experiencing water stress:

<http://www.fao.org/nr/water/aquastat/data/query/results.html>

http://www.grida.no/publications/other/ipcc_tar/?src=/climate/ipcc_tar/wg2/180.htm

7.4c

Please explain why you do not know if any water sources are significantly affected by your company's withdrawal of water.

Attachments

[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/7.WithdrawalsandRecycling/Sustainability Report 2012.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/7.WithdrawalsandRecycling/Sustainability%20Report%202012.pdf)

Page: Water-8-Discharges

8.1

Are you able to identify discharges of water from your operations by destination, by treatment method and by quantity and quality using standard effluent parameters?

Yes

8.1a

Please explain why you are not able to identify discharges from your operations by destination, treatment method , quantity and quality, and whether you have any plans to put in place systems that would enable you to do so.

8.2

Did your company pay any penalties or fines for significant breaches of discharge agreements or regulations in the reporting period?

No

8.2a

Please describe the location and impact of the discharge that was the subject of the significant breach(es), the associated fines and any actions taken to minimise the risk of future non-compliance.

Country or region	River basin	Impact	Fines and penalties	Company action and outcomes
-------------------	-------------	--------	---------------------	-----------------------------

8.3

Are any water bodies and related habitats significantly affected by discharges of water or runoff from your operations?

No

8.3a

Please list any water bodies and associated habitats which are significantly affected by discharge of water or runoff from your operations.

Country or region	River basin	Water body	Impact	Company action and outcomes
-------------------	-------------	------------	--------	-----------------------------

8.3b

You may explain here why your company's discharge of water does not significantly affect any water bodies or associated habitats.

Collection and discharges by the facilities during 2012 have been within the limits indicated by the relevant comprehensive environmental permit, and no anomalies have been detected that could materially affect water resources or related habitats.

The Company's activities can even be beneficial for the ecosystem. This is the case of the Altamira III and IV plants in Mexico, which discharges 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. This estuary was

losing its brackish nature due to salt-water entry being blocked, with the resulting desalination of the ecosystem.

Effluents from the generation plants are treated at appropriate facilities before they are discharged into the receptor environment (i.e., the sea, reservoirs or rivers, wastewater treatment plants). These treatment plants and other facilities allow for monitoring and improving the quality of the effluents and reducing the risk of polluting discharges. All intakes and discharges are carefully measured: Temperature, pH, Airborne Solids (t), DQO (t), Ntotal (t) and Ptotal (t) (expressed in (t) taking into account the treated effluent (m3/year) and the concentration (kg/m3) of each parameter).

The risk of accidental discharges of fuel or contaminated water at the generation facilities is monitored by:

- obtaining the environmental permit under applicable law and imposing strict environmental requirements on the design of the facility;
- continuous monitoring of the quality and quantity parameters for the water collected and discharged, in compliance with applicable local environmental law;
- the use of ISO 14001 certification as a tool for ongoing improvement and EMAS certification for promoting the transparency of information;
- the use of systems for reporting anomalies and incidents and plans to minimise discharge risks, by implementing predictive, preventive and corrective actions that guarantee the proper condition of the water;
- in-house and external audits by insurance and certifying entities, whose observations or recommendations will lead to a preventive or corrective initiative within the environmental management system.

As an example an EMAS certification from an Spanish thermal plant is enclosed to show the detailed analysis.

8.3c

Please explain why you do not know if any water bodies and associated habitats are significantly affected by discharge of water or runoff from your operations.

Attachments

[https://www.cdproject.net/sites/2013/98/8698/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/8.Discharges/PASAJES ENVIRONMENTAL STATEMENT.pdf](https://www.cdproject.net/sites/2013/98/8698/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/8.Discharges/PASAJES%20ENVIRONMENTAL%20STATEMENT.pdf)

Page: Water-9-Intensity

9.1

Please provide any available financial intensity values for your company's water use across its operations.

Country or region	River basin	Financial metric	Water use type (megaliters)	Currency	Financial intensity (Currency/mega-liter)	Please provide any contextual details that you consider relevant to understand the units or figures you have provided.
Company-wide	Other: All basins where IBERDROLA is located	EBITDA	Water use in operations	EUR(€)	82289.7	Financial Intensity = EBITDA(€) / Water use in operations (ML). Water use in operations is defined as the difference between the water captured, excluding salt-water or brackish water, and water discharged into the environment. Total water use in operations is calculated using water collected for cooling processes and standby services at thermal generation plants (fuel, coal, combined cycle, cogeneration and nuclear) and water used at offices and buildings. In 2012 water use was 93900 ML, amount which has experimented an increase compared to the prior year, due to an increase in thermal production (coal and nuclear), which led to higher water needs for cooling, processes, and standby services, particularly if arising from facilities with a closed cooling circuit. During financial year 2012, EBITDA increased 1 % as compared to previous year to € 7,727 million.

9.2

Please provide any available water intensity values for your company's products or services across its operations.

Country or region	River basin	Product	Product unit	Water unit	Water intensity (Water unit/product unit)	Water use type	Please provide any contextual details that you consider relevant to understand the units or figures you have provided.
Company-wide	Other: All basins where IBERDROLA is located	Global production	Other: GWh	Other: m3	699	Water use in operations	Water use is defined as the volume of water used to produce electricity. The trend in specific consumption of water in relation to global production (m3/GWh) has changed due to an increase in thermal production (coal and nuclear), which led to

Country or region	River basin	Product	Product unit	Water unit	Water intensity (Water unit/product unit)	Water use type	Please provide any contextual details that you consider relevant to understand the units or figures you have provided.
							higher water needs for cooling, processes, and standby services, particularly if arising from facilities with a closed cooling circuit. None the less, IBERDROLA is completely committed to decrease the water use and consumption in its activities. For instance, recent investments have been made in renewable energy (wind power), cogeneration technologies and in the replacement of thermal technologies (fuel-oil and coal) with other more efficient technologies (gas combined cycle), achieving a gradual improvements in the last years in the many environmental management indicators, such as water.

Module: Sign Off

Page: Sign Off

Please enter the name of the individual that has signed off (approved) the response and their job title

AGUSTIN DELGADO
IBERDROLA'S Environmental Director