Module: Introduction

Page: W0. Introduction

W0.1

Introduction

Please give a general description and introduction to your organization

IBERDROLA is very proud to participate in the CDP Water Disclosure 2017 and we publish our answer in the CEO WATER MANDATE yearly. Water requires energy and energy requires water; which makes it a necessary resource for the activities of the Group. IBERDROLA's awareness regarding the sustainable use of water is a reality; it is included in one of the 5 pillars of activity within the commitment made by the Group, as reflected in the Sustainability Policy. Water is an essential resource and fundamental to IBERDROLA's business development, making the company aware of the importance of its management and conservation.

IBERDROLA started its operations at mid 19th century in US and in 1901 in Spain based on hydroelectric power. 15 years ago, we pre-empted the rest of the sector with a focus on renewables that has made us world leader in wind power and pioneer in measures to combat climate change. IBERDROLA operates in more than 40 countries and over 28 million customers. From the beginning, IBERDROLA's Group has promoted a core business based on a sustainable energy model, covering the need for stable, safe and competitive energy supplies and access for all people to this essential service under affordable economic conditions (service competitiveness and universality) with a focus on operations with lower emissions and greater efficiency in the production and use of energy where water has a fundamental role.

At the end of 2016, the use of water in generation has decreased by 10% and the intensity of water consumed within the Group is 61% lower than that of other utilities.

84% of water withdrawn at thermal generation and cogeneration facilities returns to the receptor environment in a physico-chemical condition allowing it to be utilised by other users without affecting the natural environment. The other 16% has been consumed and/or retained in the various processes, or returned to the environment in the form of steam generated in the cooling systems of the thermal power plants.

W0.2

Reporting year

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

Period for which data is reported
Fri 01 Jan 2016 - Sat 31 Dec 2016

W0.3

Reporting boundary

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

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

W0.4

Exclusions

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

Yes

W0.4a

Exclusions

Please report the exclusions in the following table

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

Further Information

Module: Current State

Page: W1. Context

W1.1

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

Water quality and quantity	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Each facility have on-line control of the main variables related to water information. Also, maximum limits on the capture and consumption of fresh water are established and monitored by the government administrations of each region through the relevant governmental entities. The government also establishes and controls surface level limits and ecological flows at the hydroelectric generation reservoirs. Most of the withdrawn water is surface water, mainly marine or estuary, and is returned to the environment partly as evaporated water and the rest included in discharges from the facilities.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	84% of water withdrawn at thermal generation and cogeneration facilities returns to the receptor environment in a physico-chemical condition allowing it to be utilised by other users without affecting the natural environment. The other 16% has been consumed and/or retained in the various processes.

W1.2

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

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

Water aspect	% of sites/facilities/operations	Please explain
Water withdrawals-volume by sources	76-100	All water collection is strictly regulated by government authorities, which assign permits and determine the maximum permissible volumes of collection to ensure that there are no significant impacts. The government also establishes and controls surface level limits and ecological flows at the hydroelectric generation reservoirs. Best available practices are used so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, trying to recycle and reuse water to the maximum. Every year this aspect is reported to IBERDROLA's corporate department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.
Water discharges- total volumes	76-100	Effluents from the generating plants are treated before they are discharged into the receptor environment (i.e. the sea, reservoirs or rivers, wastewater treatment plants, etc.). Iberdrola has treatment plants and water quality measurement systems at its facilities that allow it to ensure a return to the environment in the desired condition, always in compliance with applicable environmental law (discharge authorizations), and reducing the risk of polluting Every year this aspect is reported to IBERDROLA's corporate department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.
Water discharges-volume by destination	76-100	The main discharge comes from the cooling systems for the thermal generation plants. The water returned from cooling has insignificant physicochemical changes, including temperature changes, which is controlled so as not to exceed the established discharge limits.. There is a thermal increase based on the difference between the water collected and the water discharged. The government establishes certain maximum allowable values for each plant based on the nature of the collection point and the discharge point (ocean, reservoir or river) and carries out monitoring. The plants continuously monitor the temperature of the discharge, and if limits are exceeded, the facility must correct the temperature or halt production. Every year this aspect is reported to IBERDROLA's corporate department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.
Water discharges-volume by treatment method	76-100	Thermal generation power plants in Spain and United Kingdom have water-treatment facilities that treat the waste water before it is returned to the receiving medium (sea, dam or river). Process waters are subjected to a physical and chemical treatment that includes the separation of hydrocarbons. Wastewater is treated in compact treatment systems with biological aerobic processes. Coal plants have a treatment system for slag from the plant, and a decantation/coagulation process that prevents the entry of particulate coal or coal in suspension into the receptor water. After being treated, the process water and the sanitation wastewater are diluted with the water returned from the cooling system and are discharged with continuous monitoring of various parameters (temperature, turbidity, conductivity, etc.). In Latin America, independent separation networks are used for industrial and sanitary water. Every year this aspect is reported to IBERDROLA's corporate department.
Water discharge quality data- quality by standard	76-100	Effluents from the generating plants are treated before they are discharged into the receptor environment (i.e. the sea, reservoirs or rivers, wastewater treatment plants, etc.). For example, In Spain

Water aspect	% of sites/facilities/operations	Please explain
effluent parameters		and México, water is discharged under constant monitoring of various parameters (temperature, turbidity, conductivity, etc.) by the Company and the Administration, to make sure that the characteristics of the effluent are always below the established limits. Also, at some Mexican plants and at the Klamath plant in the United States, treated waste water is reused in their cooling systems, avoiding the use of river or dam water. Every year this aspect is reported to IBERDROLA's corporate department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.
Water consumption- total volume	76-100	Water use/overall production in 2016 has been 585,85 m3 / GWh Continuous improvement is sought for processes of the facilities, so that the extraction and consumption of water is the minimum possible and has minimal impact on the environment. In addition, extraction of water is avoided in areas with water stress, and attempts are made to recycle and reuse water to the maximum extent possible. Water use is defined as the water captured, excluding seawater or saltwater and water discharged into the environment. The intensity of water consumed (calculated as consumption over sales) within the Group in 2016 was 61% lower than that of other utilities. Every year this aspect is reported to IBERDROLA's corporate department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.
Facilities providing fully-functioning WASH services for all workers	76-100	The health and safety of our employees is an indispensable goal of IBERDROLA, ensuring implementation of the human right to water and sanitation. This follows the UN Guiding Principles for Business and Human Rights. Nevertheless, there is significant concern for the efficient and responsible use of running water by employees at offices and control buildings. For this purpose, there are awareness-raising campaigns and the installation of efficient systems to reduce the consumption of water, such as taps with photoelectric cells. Every year this aspect is reported to IBERDROLA's corporate department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.

W1.2a

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

Source	Quantity (megaliters/year)	How does total water withdrawals for this source compare to the last reporting year?	Comment
Fresh surface water	642830	About the same	Our operations has been similar in 2016 that the previous year. The best available practices are introduced and used at the facilities so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, avoiding the withdrawal of water in water-stressed areas, and trying to recycle and reuse water to the maximum. In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables principally and combined cycles when it is required has led to a reduction in water consumption per GWh produced.
Brackish surface water/seawater	1196842	Lower	38,2% lower than the previous year. The best available practices are introduced at the facilities so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, avoiding the withdrawal of water in areas with water stress, and trying to recycle and reuse water to the maximum. In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables principally and combined cycles when it is required has led to a reduction in water consumption per GWh produced.
Rainwater	0	About the same	During 2016 there was no rainwater captured.
Groundwater - renewable	0	Not applicable	No comment. We do not discharge groundwater.
Groundwater - non-renewable	695	Lower	32,5% lower than the previous year. The best available practices are introduced at the facilities so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, avoiding the withdrawal of water in areas with water stress, and trying to recycle and reuse water to the maximum. In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables principally and combined cycles when it is required has led to a reduction in water consumption per GWh produced.
Produced/process water	0	Not applicable	No comment.
Municipal supply	5771	Lower	8,1% lower than the previous year. The best available practices are introduced at the facilities so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, avoiding the withdrawal of water in areas with water stress, and trying to recycle and reuse water to the maximum. In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables principally and combined cycles when it is required has led to a reduction in

Source	Quantity (megaliters/year)	How does total water withdrawals for this source compare to the last reporting year?	Comment
			water consumption per GWh produced.
Wastewater from another organization	11083	About the same	9,4% lower than the previous year.
Total	1857223	Lower	30.32% lower than the previous year. The best available practices are introduced at the facilities so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, avoiding the withdrawal of water in areas with water stress, and trying to recycle and reuse water to the maximum. In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables principally and combined cycles when it is required has led to a reduction in water consumption per GWh produced.

W1.2b

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

Destination	Quantity (megaliters/year)	How does total water discharged to this destination compare to the last reporting year?	Comment
Fresh surface water	600757	About the same	9% lower than the previous year.
Brackish surface water/seawater	933377	Much lower	51% lower than the previous year.
Groundwater	0	Not applicable	No comment.
Municipal/industrial wastewater treatment plant	5786	Lower	7.8% lower than the previous year.
Wastewater for another organization	12798	About the same	4.5% higher than the previous year.

Destination	Quantity (megaliters/year)	How does total water discharged to this destination compare to the last reporting year?	Comment
Total	1552718	Much lower	39.7% lower than the previous year.

W1.2c

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

Consumption (megaliters/year)	How does this consumption figure compare to the last reporting year?	Comment
65970	Lower	The data for 2015 have changed compared to previous reporting due to revision and update: 72920 megaliters/year. So in 2016, it is 9.7% lower than previous year due to the implementation of water-saving measures. Due for the most part to the drop in surface and groundwater consumption as a result of the implementation of water saving measures at its facilities.

W1.3

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

Yes

W1.3a

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

Proportion of suppliers %	Total procurement spend %	Rationale for this coverage
76-100	76-100	To improve the status of suppliers with lower performance in the area of sustainability, improvement and awareness-raising activities are conducted throughout the year in order for suppliers to achieve certification. No supplier with a negative environmental impact has been detected. IBERDROLA is working to improve the environment and to enhance energy efficiency through the following activities: As a purchaser, by including environmental and social commitment clauses in supplier contracts (with specific reference to water) and by preparing awareness and carbon footprint measurement campaigns within the supply chain. IBERDROLA does not have any relevant supplier located in areas/countries considered to have water stress At the end of 2016, procurement from suppliers with a certified environmental management system represented 82% of all procurement from suppliers of general supplies. 100% of suppliers (both new and existing) are evaluated according to environmental and sustainability criteria. Those suppliers with orders during the year that do not have the certification are sent environmental engagement and awareness-raising communications to move forward in this area and commence implementation/certification of the system. Please see pages 160 – 161 of the 2016 Sustainability Report.

W1.3b

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

Primary reason	Please explain

W1.4

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

No

W1.4a

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

Country	River basin	Impact driver	Impact	Description of impact	Length of impact	Overall financial impact	Response strategy	Description of response strategy

W1.4b

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

Primary reason	Future plans

Further Information

Module: Risk Assessment

Page: W2. Procedures and Requirements

W2.1

Does your organization undertake a water-related risk assessment?

Water risks are assessed

W2.2

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

Risk assessment procedure	Coverage	Scale	Please explain
Comprehensive company-wide risk assessment	Direct operations and supply chain	All facilities and suppliers	Risk identification process is wide in the company, beyond the traditional environmental functions. Our facilities are certified under ISO14001 and evaluate water-aspects in order to prevent, minimize and control potential impacts generated. In first place, IBERDROLA analyzes Scarcity/quality/reputation using WBCSD Water Tool and WRI Aqueduct. We obtain information about water needs in the countries we operate. Regulatory framework: Our facilities have access to a regulatory update tool serving as a warning to potential regulatory changes.In our water production business, prices are the main indicator when analyzing new projects. Risks related to stakeholders: Through Social Impact Management methodology,we characterize the impacts of our activities, which allow identifying risks related to potential stakeholder conflicts (water included). The management tool is a comprehensive risk system, certified in accordance with the UNE-EN-ISO 9001:2008 standard, and which takes into account the principal environmental risks, considering all activities and business. A methodology was developed to harmonize the identification criteria, assessment, and prioritization of environmental risk. There are commitments in the Procurement area to foster environmental responsibility and promote strict compliance by suppliers with contractual conditions and current legislation, specially focused in the principles established in the United Nations Global Compact.

W2.3

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

Frequency	Geographic scale	How far into the future are risks considered?	Comment
Annually	River basin	>6 years	Water presents local issues which need to be understood and managed, that is the reason why IBERDROLA undertake risk assessments at facilities level. The risks selected are reviewed at least on an annual basis and are managed in the mid-long term. By Using WBCSD Water Tool and WRI Aqueduct, IBERDROLA identifies current and future, until 2050, water needs in countries where iand its stakeholders are present.

W2.4

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

Yes, evaluated over the next 10 years

W2.4a

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

IBERDROLA’s strategy, based on the use of production technologies with lower emissions, is achieving a reduction in the consumption ratios for fuel, energy, water, and other materials per GWh produced (i.e. eco-efficiency). The water withdrawn to carry out the Group’s activities is mainly used in the cooling systems of the thermal plants. A small proportion of the water collected is consumed (by evaporation) in the process itself, and the remainder is returned to the natural receptor environment, after undergoing physicochemical and thermal treatment to ensure its quality. The government establishes and controls the maximum limits on inland water collection and consumption to ensure that there are no significant impacts. The change of the hydroelectric resource in Spain is a risk that is evaluated continuously. In the long term, wet years compensate for dry years. In the short-to-medium term, the storage capacity of hyperannual reservoirs and the Group’s portfolio of power plants mitigate the level of volatility of the annual results, what could lead to a possible impact of lower hydroelectric production
For example, in Spain and the United Kingdom the operation of the hydroelectric plants conforms to the requirements of the Water Framework Directive, while the

thermal generation plants operate under the Integrated Pollution Prevention and Control Directive. In order to comply with this regulation, water is included as an important element within the environmental management systems.
Committed to respect natural resources, IBERDROLA develops an exhaustively control of the use and consumption of this resource, Identifying the principal water usage, comparing it year by year and seeking to optimize production processes, making use of recycled water, reusing water in cooling systems, etc.
Every year IBERDROLA implements preventive actions and awareness-raising campaigns to prevent and mitigate the impact of potential spills. These included the construction oil collection reservoirs in case of a major discharge at the substations or transformer stations, as well as waterproofing of containers.
In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables and combined cycles has led to a reduction in water consumption per GWh produced.

W2.4b

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

Main reason	Current plans	Timeframe until evaluation	Comment

W2.5

Please state the methods used to assess water risks

Method	Please explain how these methods are used in your risk assessment
CEO Water Mandate's 'Understanding Key Water Stewardship Terms' FAO/AQUASTAT Internal company knowledge Regional government databases	IBERDROLA accepts that the environment places constraints on all human activities and is a factor of companies' competitiveness, and it is committed to promoting innovation in this field and also eco-efficiency, to gradually reducing the environmental impact of its activities, facilities, products and services, and striving to ensure that its activities' development is congruent with future generations' legitimate right to an appropriate environment. Using methods such us WBCSD Global Water tool, WRI Aqueduct , FAO/AQUASTAT and internal company knowledge, IBERDROLA can easily identifies current and future water needs and availability where it operates, such as water-stress areas (our main water risks are water-stress areas,

Method	Please explain how these methods are used in your risk assessment
WBCSD Global Water Tool WRI water stress definition WRI Aqueduct Other: IPCC Fifth Assessment Report , ISO 14001	where IBERDROLA has not presence), Flood Occurrence, access to water or drought severity. The ISO 14001 allows to identify environmental aspects, like water, because of our operations , in order to help manage potential impact in these areas. Once the most significant risks have been selected, the controls needed to mitigate or manage them are designed; such controls are monitored, documented, and systematically reviewed by internal audit. These risks are reviewed at least on an annual basis, within the framework of the assessment of the effectiveness of internal control carried out by the persons or divisions responsible therefore.

W2.6

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

Issues	Choose option	Please explain
Current water availability and quality parameters at a local level	Relevant, included	The World Resources Institute defines areas where per capita water supply drops below 1,700 m3/year as water-stressed areas, where disruptive water shortages can frequently occur. AQUASTAT is FAO's global information system on water and agriculture, it collects, analyses, and publicizes information on water resources, water uses, and agricultural water management. By using this method, IBERDROLA affirms that the Company DOES NOT have any plant located in any area considered.
Current water regulatory frameworks and tariffs at a local level	Relevant, included	Relationships geared to the enactment of efficient regulatory provisions allowing for development of a competitive market in activities not subject to a natural monopoly and sufficient remuneration for regulated businesses. There is a continuous and constructive dialogue carried out with the internal knowledge of the company. As a general rule, we work for the respect for the principles of good regulation: proportionality, effectiveness and efficiency, responsibility and independence, consistency and credibility and, transparency and clarity. The WRI Aqueduct Can also help identify potential areas subject to regulatory changes at the local level with regard to water.
Current stakeholder conflicts concerning water resources at a local level	Relevant, included	IBERDROLA takes various types of actions to minimise, mitigate, and offset unfavourable socioeconomic impacts that might be caused by its facilities. Various actions are taken to benefit the community, including: improvements in communication infrastructure, water supply or roadways; public lighting; creation of direct and indirect employment; professional training courses; activities to support entrepreneurs, etc. IBERDROLA, by using an internal tool, characterizes the impacts of its activities, which allows to identify risks related to potential stakeholders' conflicts (including conflicts concerning

Issues	Choose option	Please explain
		water resources), by identifying the severity of the potential impacts depending on whether the consequences of the impact have relevance on the social groups potentially affected.
Current implications of water on your key commodities/raw materials	Relevant, included	Materiality Analysis for IBERDROLA by KPMG in late 2015 has reflected a low risk associated with the supply of water (5% of significance). This analysis, performed in 2015 is considered valid for all purposes for 2016. WBCSD Water Tool and WRI Aqueduct help to identify current and future water related risks to our supply chain. Furthermore, IBERDROLA has measured the total water consumption linked to the activity of its entire supply chain. This help IBERDROLA to analyze better and identify the global water footprint linked to our value chain activity and decide about the actions to take with respect to those direct suppliers with the heaviest water consumption rates and the higher impact on IBERDROLA' s activity
Current status of ecosystems and habitats at a local level	Relevant, included	Collection and discharges during 2016 were within the limits indicated by the relevant environmental permits, no anomalies were detected that could materially affect water resources or related habitats. Our activities can even be beneficial for the ecosystem. This is the case of Altamira plants in Mexico, which discharge into the Garrapatas estuary, allowing it to recover its salinity and thus the specific characteristics of this habitat and the species of fauna and flora adapted thereto. Or in the case of Brazil, that as a result of hydroelectric plants in several areas, many actions are carried out to reforest affected areas. With the help of ISO 14001 IBERDROLA is able to annually publish a sustainability report besides identify and monitor local ecosystems and habitats that could be affected during an operation.
Current river basin management plans	Relevant, included	Periodically monitoring of the state of the most sensitive reservoirs is performed, in order to ensure the quality of their water to avoid possible problems of eutrophication and thermal stratification.
Current access to fully-functioning WASH services for all employees	Relevant, included	Health and safety of our employees is an indispensable goal for us, ensuring implementation of the human right to water and sanitation. This follows the UN Guiding Principles for Business and Human Rights and is aligned with UN Sustainable Development Goal number 6.
Estimates of future changes in water availability at a local level	Relevant, included	IBERDROLA DOES NOT have any plant located in any area considered Water Stressed, but we are aware of all areas suffering this problem. Anyway, IBERDROLA has a tool for developing water maps for all of each plants, available to its users and all the information regarding disclosure of the water strategy of the Company, is published in the the Water CEO Mandate webpage.
Estimates of future potential regulatory changes at a local level	Relevant, included	IBERDROLA is acquainted with concerns and proposals of regulatory entities and puts forward its own opinions in legitimate defence of its interests and those of its shareholders, customers and users. It actively participates in public hearings by regulatory entities to ascertain opinions of the players involved in the processes, and in official processes of enactment of laws and regulations and monitoring of its application. The WRI Aqueduct can be used to identify those regions that are most likely to undergo legislative regulatory changes owing to water access problems.
Estimates of future potential stakeholder conflicts at a local level	Relevant, included	Consultations and permits with the potential population and regular meeting with local authorities are held.
Estimates of future implications of water	Relevant,	Despite having large water storage capacity, our results depend significantly on the flow contributions.

Issues	Choose option	Please explain
on your key commodities/raw materials	included	Changes in output with respect to the average value can be up to -4,000GWh in a dry year and +5,000GWh in a wet year, with dry years being more likely than wet years. The variability would be between € -150/+100 million. Furthermore, IBERDROLA has measured the total water consumption linked to the activity of its entire supply chain. This help IBERDROLA to analyze better and identify the global water footprint linked to our value chain activity and decide about the actions to take with respect to those direct suppliers with the heaviest water consumption rates and the higher impact on IBERDROLA' s activity.
Estimates of future potential changes in the status of ecosystems and habitats at a local level	Relevant, included	Most of the energy infrastructure projects are subjected to an environmental impact assessment. The Company works to minimise the impact that its infrastructures may have on the land, people, companies, communities and the environment. In Spain, together with the University of Salamanca, IBERDROLA promotes the development of methods to measure and financially value the eco-systemic services provided by the construction of hydroelectric infrastructure. As an example, the EMBECO project: an ecological study of the Villalcampo and Castro dams.
Scenario analysis of availability of sufficient quantity and quality of water relevant for your operations at a local level	Relevant, included	The availability of water is critical to ensure a good quality of life of the population where our Company carries on its business, which is directly related to local generation and energy supply security. Climate changes can have an effect on greater or lesser availability of water resources for energy generation.
Scenario analysis of regulatory and/or tariff changes at a local level	Relevant, included	IBERDROLA also participates in the regulatory process through domestic and international trade associations. Particularly significant are Unesa (Spain) and Eurelectric (Europe).We have also presence in forums and organisations that engage in discussions and research on regulatory matters. IBERDROLA is also involved in some lobbying activities. In February 2012, IBERDROLA registered within the Transparency Register, created by European institutions.
Scenario analysis of stakeholder conflicts concerning water resources at a local level	Relevant, included	Impact studies, public consultations and work with stakeholders are performed at the majority of projects to keep the environmental impact as low as possible. By considering broad social and environmental issues in our daily decision-making we are more likely to achieve our goals. Delivering through this approach ensures we bring benefits to customers, employees, communities and the environment.
Scenario analysis of implications of water on your key commodities/raw materials	Relevant, included	Despite having large water storage capacity, our results depend significantly on the flow contributions. Changes in output with respect to the average value can be up to -4,000GWh in a dry year and +5,000GWh in a wet year, with dry years being more likely than wet years. The variability would be between € -150/+100 million. WBCSD Water Tool and WRI Aqueduct are used by IBERDROLA to identify current and future water risks related to our supply chain. Furthermore, IBERDROLA has measured the total water consumption linked to the activity of its entire supply chain. This help IBERDROLA to analyze better and identify the global water footprint linked to our value chain activity and decide about the actions to take with respect to those direct suppliers with the heaviest water consumption rates and the higher impact on IBERDROLA' s activity.
Scenario analysis of potential changes	Relevant,	Using ISO 14001 IBERDROLA is able to annually publish a sustainability report besides identify and

Issues	Choose option	Please explain
in the status of ecosystems and habitats at a local level	included	monitor local ecosystems and habitats that could be affected during an operation. Hidden services provided by reservioirs. Biovalora project was started by the Basque Ecodesign Centre (IHOBE) and has been supported by IBERDROLA throughout. It aims to define a methodology for assessing the economic impact of significant value of these "hidden services" provided by reservoirs. The project was carried out in the Tera river basin (Zamora); to be more specific, at the following power plants: Cernadilla (installed capacity of 30 MW and reservoir capacity of 255 Hm3), Valparaíso (68 MW and 162 Hm3) and Agavanzal (24 MW and 34 Hm3). These facilities were selected because they combined a representative number of the ecosystem services to be assessed, such as supplying water for fire prevention, irrigation and human consumption, flood control, recreational tourism, water treatment, etc. In order to ensure the most reliable results, it was decided to cover the longest possible period of time. For data availability reasons, the period chosen ended up being the last 10 years.
Other		

W2.7

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

Stakeholder	Choose option	Please explain
Customers	Relevant, included	With IBERDROLA 's commitment with society, we are developing awareness campaigns on saving and water use efficiency. For instance, in 2013 water improvement and repurposing projects have been carried out and several “Energy Classrooms” that offer educational space to the public have been opened. The Company has also made some Campaigns in order to arising awareness given some tips related to water use such as, tips related to Washing Machine and Tumble Dryer and also Dishwasher. All the information and tips are available at https://www.iberdrola.es/homeowners-associations/efficiency/saving/tips-energy. The main goal of these tips is to care for the environment at the same time that our consumers can also save money.
Employees	Relevant, included	IBERDROLA uses social media as an effective tool to sensitize both its employees and society. In 2016, news were published on its internal page, on the website against climate change, that demonstrates our interest and commitment. Running awareness campaigns for more efficient and responsible use of domestic water in offices and control buildings amongst employees. In IBERDROLA, water usage in offices has decreased 3.5% compared to 2015.

Stakeholder	Choose option	Please explain
Investors	Relevant, included	IBERDROLA supports transparency regarding water strategy of the company. Signatory of the Global Round Table on Climate Change. In March 2012 the Water CEO Mandate was signed. IBERDROLA answers from the first year of its creation the questionnaire CDP Water and all 2013 information is published in the Water CEO Mandate webpage, available for everyone. This questionnaire will also be uploaded making all the 2016 information public.
Local communities	Relevant, included	Actions taken to benefit the community: improvements in communication infrastructure; water supply or roadways; public lighting; creation of employment; professional training courses; activities to support entrepreneurs, etc. The Teles Pires hydroelectric power plant located in the middle of the Amazon Forest, one of the most important energy generation projects to date in Brazil, was launched in 2016. Over 40 social and environmental initiatives were set up. Most of these focused on enhancing healthcare and quality of life and the local indigenous communities
NGOs	Relevant, included	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, among others. Prior to the official start of any procedural phase for project under development, IBERDROLA sends a project memorandum to a large group of NGOs that might have an interest in it. As an example of collaboration with NGOs, IBERDROLA participates in threatened species-conservation projects. Fundación Iberdrola collaborated with the NGO Alianza por la Solidaridad Development in a project included in the Water and Sanitation Fund of the Spanish Agency for International Development Cooperation (Agencia Española de Cooperación Internacional para el Desarrollo) (AECID). The aim of this initiative is to improve drinking water and sanitation conditions through the development of accessible power systems. The project is carried out in 6 municipalities of the Chinandega Norte region in Nicaragua, inhabited by isolated rural communities, with a highly vulnerable population living in a state of structural poverty. Similarly, during the construction of affiliated hydroelectric plants in Brazil, actions to support municipalities are planned in accordance with the provisions of the Basic Environmental Plan (Plan Básico Ambiental) in different areas such as health, education, safety, tourism, etc. For example, at the Belo Monte plant, social monitoring campaigns with local NGOs covering more than 6,000 families have been carried out since 2011, which have identified significant growth in the family development index, particularly as regards access to knowledge, housing, and work. A satisfaction survey of the relocated families obtained positive levels of above 80% regarding the new location and basic sanitation infrastructure and access to energy.
Other water users at a local level	Relevant, included	Impact studies, public consultations and work with stakeholders are performed at the majority of projects to keep the environmental impact as low as possible. Termopernambuco thermal power plant runs an R&D+i programme, the following environmental projects are particularly noteworthy: development and implementation of artificial reefs near the plant to recover the habitat and fishing resources intended for local fishermen; and development of a biodegradable oil for the hydraulic systems in hydroelectric plants to prevent environmental damage caused by oil spilling into water. In Mexico, IBERDROLA has participated in the construction and/or improvement of various recreational, educational, and health centers, as well as infrastructure improvement and expansions of potable-water and sewage networks.
Regulators	Relevant, included	IBERDROLA is acquainted with the concerns and proposals of regulatory entities and puts forward the Company's own opinions in the legitimate defence of its interests and those of its shareholders, customers and users. It also actively participates both in "public hearings" held by regulatory entities in order to ascertain the opinions of the players involved in the processes prior to the revision of regulations or the determination of domestic energy policies, and in the official

Stakeholder	Choose option	Please explain
		processes of enactment of the laws and regulations and the monitoring of the application thereof. As a general rule, IBERDROLA works for the approval of and respect for the principles of good regulation: proportionality, effectiveness and efficiency, responsibility and independence, consistency and credibility and, finally, transparency and clarity.
River basin management authorities	Relevant, included	During the construction and operation of its facilities, IBERDROLA carries out activities unrelated to its facilities without a specific commercial purpose, intended to meet the needs of the social environment, resolving needs in neighboring communities. For this purpose, IBERDROLA cooperates with local authorities. At Escombreras CCGT, there has been a collaboration with the Public Administration, within the framework of the Association of the Valley of tailings, unifying the checks carried out by companies that pour into the body of water called The mistress-Punta Gables to ensure reliable information on which synergies of discharges of different activities are taken into account. Establishment of homogeneous indicators for control, as MEDOCC index and / or BOPA (presence or absence of species of benthic indicator of contamination), and CARLIT index and / or BENTHOS (presence or absence of species of macroalgae indicator of contamination).
Statutory special interest groups at a local level	Relevant, included	Actions plans in 2016: Continuation of environmental biodiversity conservation programmes based on the impacts of plant operation: monitoring of fauna; monitoring of flora in reforested areas; water quality control; monitoring of erosive processes, etc. in the hydroelectric plants in Brazil. In Mexico the Garrapatas Estuary Rescue Project has been developed, improving the habitat, fostering indigenous species, and raising social awareness of the area's rich biodiversity. Significant service activities include support for professional formation and training in areas near Iberdrola’s facilities. In 2016, more than 15,000 people visited the Energy Classrooms. There are also two visitor centres in the United Kingdom, located at the Cruachan hydroelectric plant and at the Whitelee windfarm, where visits are received from the general public and from school groups. Of note is the collaboration with Hydrographic Confederations and other bodies in Spain to enable various activities near the hydroelectric reservoirs (sports events, support for reproduction of certain species, etc.), by adjusting flows at certain times.
Suppliers	Relevant, included	IBERDROLA tries to act as reference in water management for all its contractors and suppliers. There are commitments in the Purchasing area to foster environmental responsibility and promote strict compliance by suppliers with contractual conditions and current legislation, with particular emphasis on respect for the principles established in the United Nations Global Compact. IBERDROLA’s Procurement Division has a Global Supplier Management Model. None of our suppliers is exposed to water-related risks. IBERDROLA considers its supply chain on the Water indicators, in the countries that suffer water-stress, the company does not perform any activity in the procurement area.
Water utilities at a local level	Relevant, included	Water related risks are managed through quality processes and periodic audits. Measures adopted to promote proper environmental behaviour of suppliers are based on the Procurement Policy, the Suppliers’ Code of Ethics, and the specific environmental clauses in the contracting terms of the Group. Subsequently, during the supply stage, the business units monitor the environmental performance of the supplier during the term of the contract. No supplier with negative environmental impact has been detected.
Other		

W2.8

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

Primary reason	Please explain

Further Information

Module: Implications

Page: W3. Water Risks

W3.1

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

Yes, direct operations and supply chain

W3.2

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

It is considered a substantial change that, owing to variations in the physical water quality and/or quantity parameters would cause a change in the operations of an IBERDROLA facility with direct consumption, reducing the production capacity per year by a significant percentage. Based on the “Falkenmark Indicator” and “Water stress index”, IBERDROLA defines water stress as the amount of water <1700m3 /(person* year). This method defines water scarcity in terms of the total water resources that are available to the population of a region; measuring scarcity as the amount of renewable freshwater that is available for each person each year. If the amount of renewable water in a country is below 1.700m3 per person per year, that country is said to be experiencing water stress; below 1000m3 it is said to be

experiencing water scarcity; and below 500m3, absolute scarcity. So according with this definition IBERDROLA has no power plants located in areas considered to have water stress.

Liberalised business (including electricity generation) accounted for 28,85% of IBERDROLA's EBITDA in 2016. Hydropower generation accounted for 14,96% of the total production in 2016.

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

W3.2a

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

Country	River basin	Number of facilities exposed to water risk	Proportion of company-wide facilities that this represents (%)	Comment
Spain	Douro	6	6-10	We have considered Douro river basin that has 6 hydraulic plants with 7.90% of total production capacity in 2016 (33% of the IBERDROLA´s hydraulic production and 4.91% of the total production of the Group in 2016). The relevance of these facilities is due to the specificity of these centres of production. Iberdrola Group has no power plants located in water-stressed areas.
Brazil	Sao Francisco	1	Less than 1%	We have considered Sao Francisco river basin that has 1 hydraulic plant (Itapebi) with 0.40% of total production capacity in 2016 (3% of the IBERDROLA´s hydraulic production and 0.38% of the total production of the Group in 2016. This facility is IBERDROLA's bigger hydro-power station in Brazil. Iberdrola Group has no power plants located in areas considered to have water stress.
United Kingdom	Other: Lock Awe	1	Less than 1%	We have considered Lock Awe basin that has 1 hydraulic plant (Cruachan) with 0.97% of total production capacity in 2016 (2% of the IBERDROLA´s hydraulic production and 0.34% of the total production of the Group in 2016). This facility is IBERDROLA's bigger hydro-power station in UK. Iberdrola Group has no power plants located in areas considered to have water stress.
Mexico	Other: Different rivers	5	6-10	We have considered our 5 Combined Cycle Plants (CC Dulces Nombres , CC Altamira II y IV, CC Altamira V, CC Laguna and CC Tamazunchale) with 11.49% of total production capacity and located in different river basins in Mexico. These CCGT power plants were the 25.33 % of the total production of the Group in 2016. Iberdrola Group has no power plants located in areas considered

Country	River basin	Number of facilities exposed to water risk	Proportion of company-wide facilities that this represents (%)	Comment
				to have water stress. Mexico is risk-relevant due to the water quality at the CCGTs power plants. The reuse of wastewater for the cooling systems of some plants in Mexico (Monterrey, La Laguna) is also noteworthy. At the La Laguna plant, all water withdrawn is wastewater, which is filtered at the facility.

W3.2b

For each river basin mentioned in W3.2a, please provide the proportion of the company's total financial value that could be affected by water risks

Country	River basin	Financial reporting metric	Proportion of chosen metric that could be affected	Comment
Spain	Douro	% generation capacity	Less than 1%	We have considered Douro river basin that has 6 hydraulic plants with 7.90% of total production capacity in 2016 (33% of the IBERDROLA´s hydraulic production and 4.91% of the total production of the Group in 2016). The relevance of these facilities is due to the specificity of these centres of production. Iberdrola Group has no power plants located in water-stressed areas.
Brazil	Sao Francisco	% generation capacity	Less than 1%	We have considered Sao Francisco river basin that has 1 hydraulic plant (Itapebi) with 0.40% of total production capacity in 2016 (3% of the IBERDROLA´s hydraulic production and 0.38% of the total production of the Group in 2016. This facility is IBERDROLA's bigger hydro-power station in Brazil. Iberdrola Group has no power plants located in areas considered to have water stress.
United Kingdom	Other: Lock Awe	% generation capacity	Less than 1%	We have considered Lock Awe basin that has 1 hydraulic plant (Cruachan) with 0.97% of total production capacity in 2016 (2% of the IBERDROLA´s hydraulic production and 0.34% of the total production of the Group in 2016). This facility is IBERDROLA's bigger hydro-power station in UK. Iberdrola Group has no power plants located in areas considered to have water stress.
Mexico	Other:	%	6-10	We have considered our 5 Combined Cycle Plants (CC Dulces Nombres , CC Altamira II y IV, CC

Country	River basin	Financial reporting metric	Proportion of chosen metric that could be affected	Comment
	different rivers	generation capacity		Altamira V, CC Laguna and CC Tamazunchale) with 11.49% of total production capacity and located in different river basins in Mexico. These CCGT power plants were the 25.33 % of the total production of the Group in 2016. Iberdrola Group has no power plants located in areas considered to have water stress. Mexico is risk-relevant due to the water quality at the CCGTs power plants. The reuse of wastewater for the cooling systems of some plants in Mexico (Monterrey, La Laguna) is also noteworthy. At the La Laguna plant, all water withdrawn is wastewater, which is filtered at the facility.

W3.2c

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

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
United States of America	Other: All basins where IBERDROLA is located	Physical-Flooding	Closure of operations	This is not a relevant risk for IBERDROLA nowadays, because of the location of our facilities. Future floods may affect the	1-3 years	Unlikely	Low-medium	Develop flood emergency plans Infrastructure maintenance	€11.3 milion	Depending on the availability of water, climatic variation has the potential to impact our hydro operations,

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				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.						cooling requirements of thermal power stations, thermal efficiencies of our power plant, patterns of energy load growth and the robustness of our transmission and distribution infrastructure in response to more extreme weather variations. IBERDROLA has developed a strong awareness of the physical risks associated with water availability. The assessment of risk is an ongoing activity, which is developed at various levels

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										of risk control within the company. The risks are informed by individual assessment, industry experience and assistance from various expert groups. As an example of response strategy, storms affected our operations in Maine area at the beginning of 2015. The restoration and support efforts by IBERDROLA USA subsidiaries is a clear example of best practice during emergency situations produced by

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										climate disasters. In UK, ScottishPower Energy Networks' engineers also responded to a number of severe storm force weather events over the course of the 2015 winter. The response was quick and effective in both cases. The cost to cope with this risk in 2016 corresponds to activities in environmental prevention and environmental impact remediation like prepare substation spill plans and effluent treatment.
Spain	Other: All	Regulatory-Poor	Brand	Nowadays,	1-3 years	Probable	Medium	Engagemen	€8.9	In relation to

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
	river basins where IBERDROLA is located	enforcement of water regulation	damage	financial crisis has taken first importance in the political scenario; new policies on climate change and nuclear generation (after Fukushima) are uncertain. Changes in environmental regulations during 2013 made uncertain the future for electric utilities in Spain. Changes in regulations with less requirements may affect the IBERDROLA Group's business as soon as other companies with lower financial, social and environmental commitment may gain				t with public policy makers	million	the insurance cover, IBERDROLA has international insurance programmes to cover equity (insurance for material damages, machinery breakdowns, loss of profits, damages from natural disasters and risks arising from construction work) and third-party liabilities (general civil liability, liability for environmental risks, professional civil liability, etc.). The cost to cope with this risk in 2016 corresponds to these

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				competitive advantage reducing the Group's turnover. It can also lead to an increase in our insurance premiums.						insurances.
Brazil	Other: All where IBERDROLA is located	Reputational-Inadequate access to water, sanitation and hygiene	Brand damage	Access to water resources and sanitation is essential for the development of any population and business. The risk of difficult access in the future long-term, can damage directly to the production on the overall mix of our Company, any risks associated with the production, possible investments and its image.	4-6 years	Unlikely	Low-medium	Infrastructure investment Infrastructure maintenance	€0.35 million	The materiality analysis for IBERDROLA by KPMG in 2015 (its valid for all 2016 operations) has reflected a low risk associated with the supply of water. The availability of water is critical to ensure a good quality of life of the population where our Company carries on its business, IBERDROLA has installed systems for

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										capturing and storing rainwater for human consumption in the area around the Caetité windfarm in inland Bahia (Brazil).This initiative will supply water to over 3,300 homes that currently have no connection to the general water system, and no access to any type of storage resource. IBERDROLA and NEOENERGIA will work on this project with the Brazilian Ministry for Social Development and the Fight against Hunger

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										(MDS) as part of the Water for All programme. IBERDROLA has also joined the challenge of achieving the objectives of Sustainable Development Goals (SDGs), including Goal 6: Clean water and sanitation.
Mexico	Other: All river basins where IBERDROLA is located	Other: Poor Water Quality	Higher operating costs	Independent separation networks are used for industrial and sanitary water. The latter is subjected to final treatment in biodigesters, whereas process water goes through hydrocarbon separators before its return to the natural medium. La Laguna plant	>6 years	Unlikely	Low-medium	Increased investment in new technology	€0.06 million	The principal water withdrawn within the Group's activities takes place in the cooling systems, processes and standby services for the thermal generation plants. Most of the water is returned to the environment, partly as

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				collects sewage for its processes, and the water discharged by this plant has better quality than the collected water. Main plants affected: Monterrey, Altamira (all groups), La Laguna, and Tamazunchale.						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. At La Laguna and Monterrey combined cycle plants a system has been designed for

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										reusing water from the pool. Costs to cope with this risk in 2016 have been generated by effluent treatment activities investments.
Spain	Other: All river basins where IBERDROLA is located	Physical-Declining water quality	Higher operating costs	Access to water resources is essential to the development of any population and business. Even if IBERDROLA's facilities are located in an excellent strategic position not being object of water risk in the short term, we are aware that pollution and poor water quality could lead to a possible damage to	4-6 years	Probable	Low-medium	Increased investment in new technology	€6.2 million	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

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				plants, reducing production, increasing the stops for maintenance or even close.						compact treatment systems with biological aerobic processes. As regards the treatment of discharges, at the Velilla 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. 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

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										the water-steam cycle, from the reactor coolants, and from the standby systems are processed in the liquid waste treatment system and are returned to the cycle for reuse. The cost to cope with this risk in 2016 corresponds to purchase costs derived from effluent treatment equipment.
United Kingdom	Other: All river basins where IBERDROLA is located	Physical-Projected water scarcity	Constraint to growth	Given the importance of hydropower generation for IBERDROLA, a decrease in rainfall would have a negative effect on the overall mix of	>6 years	Unlikely	Medium	Infrastructure investment Infrastructure maintenance Water management incentives	€0.05 million	IBERDROLA's facilities are located in an excellent strategic position not being object of physical risk in the short term. In existing

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				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.						facilities critical elements are being reinforced, and physical security requirement is a priority element considered in the construction of the new facilities. The Group is aware of future scarcity problems, especially fresh water for population and ecosystems. No situations were recorded during 2016 that significantly affect water resources or the habitats associated with the water-collection points, which

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										are for the most part significant masses of fresh water or salt-water. IBERDROLA has developed a very strong awareness of the physical risks associated with water availability. In the UK, the company is working with Government (DEFRA – Department of Environment, Food and Rural Affairs) to develop plans for resilience, flooding and adaptation for the industry. Our key assets need to have adaptation and resilience plans ascribed to them. The

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										materiality analysis developed in 2015 (and valid for all 2016 operations) reflected a low risk associated with the supply of water. 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

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										efficiency in the management of resources and to the external verification of emissions data. The cost to cope with this risk in 2016 is a percentage of investments in effluent treatment activities.
Spain	Other: All river basins where IBERDROLA is located	Regulatory-Increased difficulty in obtaining withdrawals/operations permit Regulatory-Lack of transparency of water rights	Constraint to growth	Tightening on regulations and standards will require the Company to invest in complying with high environmental impact studies, obtaining licences, permits and other mandatory authorisations. Operational impacts related to disruptions in business	Current-up to 1 year	Probable	Medium	Engagement with public policy makers Engagement with other stakeholders in the river basin	€2.6 million	In order to prevent any impact, IBERDROLA relies on transparency and environmental management systems.100% IBERDROLA hydro generation facilities in Spain are under IS0 14000 System: minimising environmental

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				operations will increase due to more environmental restrictions to new plants. IBERDROLA may be subject to legal claims for future damages, or penalties derived from waste, emissions, or spillages which might affect the Group's image and reputation.						risks, thus improving the Company's environmental management in line with its commitment to environmental protection. The cost to cope with this risk in 2016 is a Cost percentage in of the investment in new infrastructure.
United Kingdom	Other: All river basins where IBERDROLA is located	Regulatory-Regulatory uncertainty	Constraint to growth	The development of the European Water Frame Directive could cause disruptions in business operations, it is the water legislation to be produced by the European Commission a	1-3 years	Probable	Medium	Engagement with public policy makers	€0.42 million	In the UK this includes River Basin Management Plans for distinct areas, published in December 2009. We are engaged with regulatory bodies and continue to work through

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				set of guidelines for managing large bodies of water, improving water quality and reducing potential hazards such as flooding. Each member state planning to protect and improve rivers, lakes and coastal waters, to prevent flooding and manage droughts.						assessment arrangements for implementation of measures arising from the WFD. The cost to cope with this risk in 2016 is the sum of insurance costs and environmental management system costs.
Spain	Other: All river basins where IBERDROLA is located	Other: Reputational Damage	Brand damage	The Iberdrola Group believes that the strategy commitment with environment and society has benefits achieving higher brand recognition and improving its corporate reputation. Any	>6 years	Probable	Medium	Promote best practice and awareness	€8.9 million	A new specific policy focused on stakeholder engagement was approved in early 2015: "Stakeholder Relations Policy". During 2016 IBERDROLA developed a Stakeholder Engagement

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				company's involvement and management of crisis situations could have a damaging effect on reputation.						Management System, to control reputation risks. There is a Reputation Committee in order to coordinate and monitor the reputational and corporate responsibility issues in the IBERDROLA Group. 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

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										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 dimensions, one is "citizenship" with three attributes which

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										are analysed regularly: 1) Contributes positively to society; 2) Supports social causes; and 3) Protects the environment.
Spain	Other: All river basins where IBERDROLA is located	Physical-Increased water scarcity	Other: Loss of profit	Despite having a large water storage capacity, IBERDROLA's results depend significantly on the flow contributions. The changes in output with respect to the average value can be up to -4,000,000 MWh in a dry year and +5,000,000 MWh in a wet year, with dry years being more likely than wet years.	1-3 years	Probable	Medium-high	Water management incentives	€ 31.1 million	Although the effect depends on the time of year in which the rains occur, and many other physical parameters of the facilities, considering the high inverse correlation between the water availability and the price of electricity, the variability would be between EUR -150/+100 million. The lost profit would not be covered as

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										it is considered an inherent risk to IBERDROLA. Cost percentage in investment in new infrastructure.

W3.2d

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

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
Spain	Other: All river basins where IBERDROLA is located	Regulatory-Changed product standards	Higher operating costs	As a consequence of the fulfilment of future new standards by	>6 years	Unlikely	Low-medium	Engagement with suppliers Increased investment in new	€10.5 million	In 2016, IBERDROLA was the fourth energy company worldwide in terms of R&D&i

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				the suppliers and the facilities adaptation to these new raw materials may increase operational costs.				technology		investment, with a total of 211 million euros, a 5.5% plus more than in 2015. IBERDROLA is committed to research, development and innovation, which are strategic variables for confronting the challenges facing the Company. 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

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										promotion of culture of innovation. We value building strong relationships with our diverse suppliers; these relationships give us the competitive advantage as being one of the best in the utility market. Through our efforts, we are able to seek out suppliers who are capable of providing the best service in terms of cost, quality and delivery. We have in place a contracting and a relationship with suppliers policies. The cost to cope with this risk is based on our R&D investment.
Spain	Other: All river basins where IBERDROLA is located	Reputational-Negative media coverage	Brand damage	Our company can be involved in a problem of a supplier,	>6 years	Unlikely	Low-medium	Engagement with suppliers	€11 million	IBERDROLA has developed a GLOBAL SUPPLIER MANAGEMENT

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
				despite being totally outside them. This may result in a damage on the image and reputation of the Group, and finally in a reduction in capital availability.						MODEL (including a Total Supplier Management System) that enables the company to register and classify its suppliers. Tenders by IBERDROLA include contractual conditions requiring that the parties act within stringent levels of security, occupational risk 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

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

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										prevention. The cost to cope with this risk in 2016 is related to Environmental Management System Costs and Supplier Management Cost.
Spain	Other: All river basins where IBERDROLA is located	Physical-Flooding	Higher operating costs	Increased operational cost related to important materials for ongoing business operation.	>6 years	Unlikely	Medium	Infrastructure maintenance	€8.7 million	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 needed. IBERDROLA, by supporting environmental certification of their suppliers, makes possible to minimize the risk of natural disasters including floods. Moreover, to

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
										minimise the impact of possible incidents, insurance policies are contracted. The cost associated with this risk has been calculated as the 10% of investments in new plants in Spain.

W3.2e

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

Primary reason	Please explain

W3.2f

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

Primary reason	Please explain

W3.2g

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

Primary reason	Future plans

Further Information

Page: W4. Water Opportunities

W4.1

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

Yes

W4.1a

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

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Comment
Company-wide	Carbon management Cost savings	Due to the increase of hydraulic production capacity as consequence of physical changes (increased of rainfall patterns), costs savings could be experimented. Hydraulic production is cheaper than others, such as thermal and cogeneration production, not only for the operational cost but also for the cost of CO2 rights. Furthermore, hydropower production does not emit CO2.	>6 years	IBERDROLA will invest in Hydro Power Plants according to its Strategic Plan 2016/2020: 1,160 MW in Spain and Hydro power through Neoenergía in Brazil, as well as mini-hydro plants in other locations. In Portugal, IBERDROLA has begun work on construction of a 1,200 MW hydroelectric storage facility at the River Támega, which should be up and running by 2023.
United Kingdom	Cost savings	Due to reducing water use and the need for discharge permits as a consequence of operational efficiency, re-use waste water, and rainwater collection costs savings could be experimented.	Current-up to 1 year	In Daldowie Sludge Processing Plant, the effluent, previously treated and filtered, is recycled for use in its manufacturing processes. In the United Kingdom, the Rye House combined cycle power station can reduce water use through a rainwater collection system which, after being treated, is used as process water. Half of ScottishPower's wind farms have rooftop rainwater collectors and storage tanks to use the water at the control buildings.
United 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-up to 1 year	At the Klamath cogeneration plant in the United States of America, the water collected for cooling comes from municipal wastewater treatment stations and is treated at the Company's plants, producing a positive impact by returning water to the environment that is of higher quality than that withdrawn.
Mexico	Cost savings	Due to reducing water use and the need for discharge permits as a consequence of operational efficiency, re-use waste water, costs savings could be experimented.	Current-up to 1 year	At the La Laguna and Monterrey combined cycle plants in Mexico, the water collected for cooling comes from municipal wastewater treatment stations and is treated at the Company's plants, producing a positive impact by returning water to the environment that is of higher quality than that withdrawn.
Spain	Cost savings	Due to reducing water use and the need for discharge permits as a consequence of operational efficiency, costs savings could be experimented.	Current-up to 1 year	At Tarragona Power CCGT, part of the water collected is reused as steam, supplying calorific energy (168 GWh), used for industrial processes or heating systems. At Escombreras CCGT, there was a reduction in the consumption of potable water at the demineralised water treatment plant, reusing industrial

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Comment
				effluents generated by the plant.
Company-wide	Increased brand value	Improve image due to IBERDROLA's water-related actions.	1-3 years	IBERDROLA promotes the transparency of its actions through the EMAS. IBERDROLA is signatory of the Global Round Table on Climate Change and the CEO Water Mandate .Information on water strategy through CDP Water is published in the Water CEO Mandate webpage. No situations were recorded during 2016 that significantly affect water resources or the habitats associated with the water-collection points. 64,5% of captured water is seawater or saltwater and does not occur in protected areas.
Company-wide	Improved community relations Increased shareholder value Other: Positive impacts of electricity generation	Activities related to the electricity generation, where hydraulic plants have a key role, have the potential to have the most significant indirect impact, and the studies and analysis to identify such impacts takes place during the governmental process for approval by the competent bodies, normally during the environmental impact studies.	4-6 years	Electricity facilities are built in dispersed geographic locations, often in depressed areas. This generates economic activity, boosting the regional economy and generates significant employment. In addition, it strengthens the development of the related infrastructure, especially in rural areas, and results in improvements to port infrastructure. Electricity activity generates taxes, tributes, and levies and allows for the generation of significant income.
Mexico	Improved water efficiency Innovation	Dulces Nombres combined cycle plant uses treated wastewater in its operations.	Current-up to 1 year	Dulces Nombres combined cycle plant has been recognised by the public institution Servicios de Agua y Drenaje de Monterrey (SADMON) due to its work with treated wastewater. It was pioneer in the use of this kind of water.
Company-wide	Cost savings	Rainwater collectors may be installed in areas where rain is usually high.	4-6 years	At some of ScottishPower’s wind farms, the control buildings have rooftop rainwater collectors and storage tanks to use the water.
Company-wide	Increased brand value	CDP 2013 study comparing KPI (water used/ sales) among different utilities has been very useful for incresing our reputation.	Current-up to 1 year	We are publishing this information in our webpage and Sustainability Report because it reinforces our management.
Company-wide	Climate change adaptation Improved	Sustainable Development Goals have been included in IBERDROLA's Sustainability Policy, including Goal 6 (Clean Water and Sanitation), Goal 14 (Conserve and	>6 years	Sustainable Development Goals have been included in IBERDROLA's Sustainability Policy, including Goals 6, 14 and 15. Also, IBERDROLA has elaborated its

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Comment
	community relations	sustainably use the oceans, seas and marine resources) and Goal 15 (Sustainably manage forest, combat desertification, halt and reverse land degradation, halt biodiversity loss).		Environmental Footprint: The Organisation Environmental Footprint (OEF) is defined as: "A multi-criteria measure of the environmental performance of a goods/services providing organization from a life cycle perspective". The main objective of an OEF is to reduce the environmental impact derived from the organisation's activities.
Company-wide	Improved water efficiency Innovation R&D	Flexibility and operational efficiency and facility safety: there have been important advances in FILTRACIONES project, developing a new methodology for efficient inspections on water channels.	4-6 years	The overall objective of the project is to research and develop a new methodology for conducting efficient inspections hydraulic channels through research and development of techniques to analyse the characteristics of the materials of the land and own infrastructure for early detection of abnormalities, ensuring the structural integrity of the channels, reducing the impact on hydrological channels and improving maintenance and operation of hydro assets of IBERDROLA Generation.
United Kingdom	Carbon management Competitive advantage Increased brand value Innovation R&D	Offshore wind farms allow produce electricity without emitting GHG, having a carbon management and a competitive advantage over other utilities. Innovation and R&D are important aspects to consider in the construction of such plants. The electrification of the economy is asserted as the only solution to confront both challenges, and in this context we are going to intensify our investments in renewable energies, in energy storage at hydroelectric pumping plants, among others. This types of projects give value to the brand.	4-6 years	IBERDROLA is continuing its East of Anglia project in the North Sea which, along with the Wikinger offshore wind farm in the Baltic Sea (Germany), will add 1,100 MW to IBERDROLA's offshore installed power output. In addition, at some of ScottishPower's wind farms the control buildings have rooftop rainwater collectors and storage tanks to use the water.

W4.1b

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

Primary reason	Please explain

W4.1c

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

Primary reason	Please explain

Further Information

Module: Accounting

Page: W5. Facility Level Water Accounting (I)

W5.1

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

Facility reference number	Country	River basin	Facility name	Total water withdrawals (megaliters/year) at this facility	How does the total water withdrawals at this facility compare to the last reporting year?	Please explain
Facility 1	Spain	Douro	IBERDROLA's hydroelectric plants (6) in Douro basin (Spain).	36730122	Much higher	In Spain, the period was characterized by a higher hidraulicity compared to the same period last year. This facility produced more energy than last year, and water consumption is directly related to energy production in this facility.
Facility 2	Brazil	Sao Francisco	Itapebi hydroelectric plant	481714	Much lower	In Brazil, the electricity demand decreased compared to 2015. The production of electricity in Itapebi (2015) was almost half of the same period last year (33,8%)In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment.
Facility 3	United Kingdom	Other: Lock Awe	Cruachan hydroelectric plant	2896712	Lower	In United Kingdom, the electricity demand dropped compared to 2015. In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment.
Facility 4	Mexico	Other: Different Rivers	5 Combined Cycle Plants (CC Dulces Nombres , CC Altamira II y IV, CC Altamira V, CC Laguna and CC Tamazunchale)	54957	Lower	The total water consumption in 2015 has been modified to: 57022 megaliters. In 2016, the total water withdrawals has decreased in 3,6%.

Further Information

W5.1a

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

Facility reference number	Fresh surface water	Brackish surface water/seawater	Rainwater	Groundwater (renewable)	Groundwater (non-renewable)	Produced/process water	Municipal water	Wastewater from another organization	Comment
Facility 1	36730122	0	0	0	0	0	0	0	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment.
Facility 2	481714	0	0	0	0	0	0	0	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment.
Facility 3	2896712	0	0	0	0	0	0	0	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment.
Facility 4	9458	32432	0	0	5	0	0	13062	At the La Laguna and Monterrey combined cycle plants in Mexico, the water collected for cooling comes from

Facility reference number	Fresh surface water	Brackish surface water/seawater	Rainwater	Groundwater (renewable)	Groundwater (non-renewable)	Produced/process water	Municipal water	Wastewater from another organization	Comment
									municipal wastewater treatment stations and is treated at the Company's plants, producing a positive impact by returning water to the environment that is of higher quality than that withdrawn.

W5.2

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

Facility reference number	Total water discharged (megaliters/year) at this facility	How does the total water discharged at this facility compare to the last reporting year?	Please explain
Facility 1	36730122	Much higher	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment (river).
Facility 2	481714	Much lower	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment (river).
Facility 3	2896712	Lower	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment (river).
Facility 4	26519	About the same	In Mexico, the electricity production decreased by 4.8% in combined cycle

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

W5.2a

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

Facility reference number	Fresh surface water	Municipal/industrial wastewater treatment plant	Seawater	Groundwater	Wastewater for another organization	Comment
Facility 1	36730122	0	0	0	0	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment (river).
Facility 2	481714	0	0	0	0	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment (river).
Facility 3	2896712	0	0	0	0	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment (river).
Facility 4	2019	1768	22732	0	0	CCGT Dulces Nombres and CCGT La Laguna discharge into Municipal wastewater treatment plant (the water collected for cooling comes from municipal wastewater treatment stations and is treated at the Company’s plants, producing a positive impact by returning water to the environment that is of higher quality than that withdrawn), CC Altamira III y IV and CC Altamira V discharge into the sea and CC Tamazunchale discharges into a reservoir.

W5.3

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

Facility reference number	Consumption (megaliters/year)	How does this compare to the last reporting year?	Please explain
Facility 1	0	About the same	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment. The auxiliary water use (eg buildings) is negligible compared to the water used to generate electricity.
Facility 2	0	About the same	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment. The auxiliary water use (eg buildings) is negligible compared to the water used to generate electricity.
Facility 3	0	About the same	At Hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment. The auxiliary water use (eg buildings) is negligible compared to the water used to generate electricity.
Facility 4	5703	Much higher	Data from last year has been updated: 2754 megaliters/year. In Mexico, the electricity production decreased by 4.8% in combined cycle plants compared to the same period last year.

W5.4

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

Water aspect	% verification	What standard and methodology was used?
Water withdrawals- total volumes	76-100	PwC verified this data according to GRI-4 and World Business Council. 100% IBERDROLA Hydro generation facilities under IS0 14001 System: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.
Water withdrawals- volume by sources	76-100	PwC verified this data according to GRI-4 and World Business Council. 100% IBERDROLA Hydro generation facilities under IS0 14001 System: minimizing environmental risks, thus improving the company's

Water aspect	% verification	What standard and methodology was used?
		environmental management in line with its commitment to environmental protection.
Water discharges- total volumes	76-100	PwC verified this data according to GRI-4 and World Business Council. 100% IBERDROLA Hydro generation facilities under IS0 14001 System: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.
Water discharges- volume by destination	76-100	PwC verified this data according to GRI-4 and World Business Council. 100% IBERDROLA Hydro generation facilities under IS0 14001 System: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.
Water discharges- volume by treatment method	76-100	PwC verified this data according to GRI-4 and World Business Council. 100% IBERDROLA Hydro generation facilities under IS0 14001 System: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.
Water discharge quality data-quality by standard effluent parameters	76-100	PwC verified this data according to GRI-4 and World Business Council. 100% IBERDROLA Hydro generation facilities under IS0 14001 System: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.
Water consumption- total volume	76-100	PwC verified this data according to GRI-4 and World Business Council. 100% IBERDROLA Hydro generation facilities under IS0 14001 System: minimizing environmental risks, thus improving the company's environmental management in line with its commitment to environmental protection.

Further Information

Module: Response

Page: W6. Governance and Strategy

W6.1

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

Highest level of direct responsibility for water issues	Frequency of briefings on water issues	Comment
Board of individuals/Sub-set of the Board or other committee appointed by the Board	Scheduled-quarterly	Water's concern is present throughout the Company and the highest responsibility resides in the Board of Directors through its Corporate Social Responsibility Committee: This is an internal committee of the Board of Directors, with no executive powers, which was created for informational and consulting purposes and which has powers to inform, advise, and propose within its sphere of activities. Within the context of IBERDROLA's ongoing exercise in transparency and communication with shareholders and the markets, the Company has since 2013 published an Annual Activities Report of the Consultative Committees of the Board of Directors, which integrates information regarding the Audit and Risk Supervision Committee, the Appointments Committee, the Remuneration Committee and the Corporate Social Responsibility Committee.

W6.2

Is water management integrated into your business strategy?

Yes

W6.2a

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

Influence of water on business strategy	Please explain
Establishment of sustainability goals	IBERDROLA has specific policies regarding the management of environmental issues: the Environmental Policy, the Climate Change Policy, the Biodiversity Policy and the Sustainability Policy. These policies define the specific guidelines that the IBERDROLA Group must follow both in the process of defining and developing its strategy and investments and with regard to its operations and control of

Influence of water on business strategy	Please explain
	environmental risks. IBERDROLA is integrating United Nations Sustainable Goals in its strategy, including number 6 ("Clean Water and Sanitation") and number 14 (Life below water).
Introduction of water management KPIs	Since 2010 IBERDROLA has launched an Environmental Scorecard in which is displayed a set of KPIs. This scorecard is the system element determining the quality of the environmental strategy, defines the standards for the Group's environmental risk mitigation, serves to calculate the value generated by such strategy, and ultimately provides coherence to the overall system, ensuring the convergence of the Group's strategic goals. IBERDROLA has developed its Environmental Footprint with the aim to have a single environmental indicator that allows to communicate the company's impact.
Publicly demonstrated our commitment to water	IBERDROLA is an influential company and intends to boost best practices in the area of the environment, optimize management and promote the search for solutions to problems linked to the natural surroundings were water is included. In march 2012, we endorsed the CEO Water Mandate, an initiative by the United Nations, designed to help companies in developing, implementing and disseminating sustainability policies for water management. Water strategy is in accordance with The CEO Water Mandate framework. Sustainable Development Goals have been publically included in IBERDROLA Sustainability Policy, including Goal 6 (Clean water and sanitation) and Goal 14 (Life below water). IBERDROLA has recently participated in an event organized by the AIESEC to boost the Sustainable Development Goals. IBERDROLA has elaborated its Environmental Footprint with the aim to have a single environmental indicator that allows communicate the company's impact.
Tighter operational performance standards	For IBERDROLA, the environmental dimension of its activities is a necessary baseline for the formulation of its Strategic Plan and the operational planning of its businesses is fostering innovation, eco-efficiency, eco-design and a progressive reduction in the environmental impacts of its activities and in the supply chain (as WATER consumption). Operation of existing facilities in compliance with the permits granted by the environmental regulatory authorities of each region, and subject to restrictions and obligations that ensure the protection of the local environment. IBERDROLA Group has Environmental Management Systems (EMS) specific to the businesses and processes, based on the UNE-EN-ISO 14001:2004 and EMAS standard, distributed and implemented throughout much of their organizations.
Exploration of environmental impact	IBERDROLA Group has Environmental Management Systems (EMS) specific to the businesses and processes, based on the UNE-EN-ISO 14001:2004 and EMAS standard, distributed and implemented throughout much of their organizations, what are allowing for a reduction in environmental risks, improvement in the management of resources, and optimisation of investments and costs.
Greater employee engagement	During 2016, IBERDROLA carried out numerous awareness campaigns for more efficient and responsible use of domestic water in offices and control buildings amongst employees. In the company, water usage in offices has decreased 3.5% in 2016 compared to 2015.
Greater supplier diversification	IBERDROLA also continues to be a driving force for our almost 18,000 suppliers, with procurement contracts reaching more than 9,800 million euros in 2016, thus exceeding the record figure for the prior year. Iberdrola also implements a responsible supply chain management policy, sharing the best sustainability practices with all of its business partners.

W6.2b

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

Influence of water on business strategy	Please explain
Other: Presence in water stressed areas	IBERDROLA is not present at water-stressed areas, so water has not negatively influenced our business strategy.
Increased insurance cover	IBERDROLA uses risk analysis at its facilities to identify and manage the implementation of measures to mitigate and control the effects of weather conditions (heavy rains, floding... among other risks) and has an international insurance to all the works. The automatic systems that IBERDROLA Distribución Eléctrica has installed activate and the incident is resolved very quickly, without requiring any further action. In other cases, these automatic systems are insufficient and the source of the incident needs to be located by maintenance technicians who can assess and repair the cause of the incident.

W6.2c

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

Primary reason	Please explain

W6.3

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

Yes

W6.3a

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

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

W6.4

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

Water CAPEX (+/- % change)	Water OPEX (+/- % change)	Motivation for these changes
+1	-90.7	During 2015, a great investment was made in emissions treatment equipment that today continues to have a positive impact on the company's objective. In 2016, IBERDROLA continued developing new hydropower generation plants. The rest of CAPEX includes treatment of effluents, and systems to control and avoid spills, among others. OPEX includes clean-up cost and cost for remediation spills. In 2016 due to the drastic reduction of discharges, the expense of cleaning them has been lower.

Further Information

Page: W7. Compliance

W7.1

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

Yes, not significant

W7.1a

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

Facility name	Incident	Incident description	Frequency of occurrence in reporting year	Financial impact	Currency	Incident resolution
Bahia PCH, Brasil	Fine	In 2016, there have been 3 water-related fines, in particular, due to affection to ichthyofaunia. These fines were imposed on NEOENERGIA (Brasil), where IBERDROLA has a participation of just a 39%.	3	42305.92	EUR(€)	Currently these sanctions are being appealed by Neoenergia. IBERDROLA seeks the most suitable method to avoid significant impacts on water, working with various government administrations to establish actions for a more sustainable use of this resource, including: – Limiting the volume of withdrawal and consumption of inland water in all technologies.– Establishing and controlling surface-level limits and ecological flows at the hydroelectric generation reservoirs.– Continually improving processes at facilities to reduce consumption and impact.– Avoiding withdrawal of water in waterstressed areas.– Reusing and recycling water at facilities.– Conducting awareness-raising campaigns to achieve a more efficient and responsible use of sanitary water by employees at offices and control buildings.

W7.1b

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

1%

W7.1c

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

Impact as % of OPEX	Comparison to last year
0	No change

Further Information

Page: W8. Targets and Initiatives

W8.1

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

Yes, targets and goals

W8.1a

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

Category of target	Motivation	Description of target	Quantitative unit of measurement	Base-line year	Target year	Proportion of target achieved, % value
Other: Engagement with suppliers	Recommended sector best practice	Water management depends on both operational level and supply chain level. The main reason to monitor and control our supply chain water footprint is the lifecycle driver which we follow within our environmental management. We try to act as reference in water management for contractors and suppliers. There are commitments	Other: % of suppliers with environmental management system	2013	2016	100%

Category of target	Motivation	Description of target	Quantitative unit of measurement	Base-line year	Target year	Proportion of target achieved, % value
		in the Purchasing area to foster environmental responsibility and to promote strict compliance by suppliers with contractual conditions and current legislation, with particular emphasis on respect for the principles established in the United Nations Global Compact. At the end of 2016, procurement from suppliers with a certified environmental management system represented 82% of all procurement from suppliers of general supplies. Those suppliers with orders during the year that do not have the certification are sent environmental engagement and awareness-raising communications to move forward in this area and commence implementation/certification of the system.				
Reduction of product water intensity	Increased revenue	In recent years, the replacement of less efficient production technologies such as conventional thermal generation (coal and fuel-oil) by renewables and combined cycles has led to a reduction in water consumption per GWh produced. ECOEFFICIENCY drives our environmental management. The intensity of water consumption at the Group by 2016 sales was 61% less than the other utilities. Our goal is to keep that intensity 50% lower than the European average in the next five years. In 2016, the use of water in relation to the Group's overall production is 4,3% lower than in 2012.	% reduction per dollar revenue	2013	2020	100%
Reduction in consumptive volumes	Cost savings	ECOEFFICIENCY applies to reduce water consumption. We have a rolling target to reduce our water consumption included in our scorecard.	% reduction per unit of production	2013	2016	100%

W8.1b

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

Goal	Motivation	Description of goal	Progress
Strengthen links with local community	Shared value	We are conscious about facing global problems, such as water scarcity, climate change and poverty. In this sense, IBERDROLA holds continued dialogues with its stakeholders to identify which are their most important issues related to the environment with the aim of improving the Company performance and to focus on its efforts. Actions are also putting in place after the dialogues with Local Communities.	In the 220/20 kV transformer substation of Torrellano (Alicante, Spain) oleanders plantations were made with a drip irrigation system scheduled.
Other: Transparency	Brand value protection	IBERDROLA supports transparency regarding its water strategy. Water footprint is included in our environmental footprint.	IBERDROLA publishes its water data through various reports such as the Sustainability Report and through its website. It also publishes its CDP Water Answers throguh the CEO Water Mandate. Water footprint is now included in our Environmental Footprint.
Other: Increase access to Safe Water, Sanitation, and Hygiene (WASH)	Shared value	IBERDROLA notes that there is still a proportion of the population without access to safe drinking water and sanitation systems. In addition, a lack of appropriate sanitation profoundly affects the health and well-being of billions of people.	IBERDROLA has joined the challenge of achieving the objectives of Sustainable Development Goals (SDGs), including Goal 6: Clean water and sanitation. installation of systems for capturing and storing rainwater for human consumption in the area around the Caetité windfarm in inland Bahia (Brazil).This initiative will supply water to over 3,300 homes that currently have no connection to the general water system, and no access to any type of storage resource. IBERDROLA and NEOENERGIA will work on this project with the Brazilian Ministry for Social Development and the Fight against Hunger (MDS) as part of the Water for All programme.
Engagement with public policy makers to advance sustainable water policies and management	Recommended sector best practice	Establish a constructive dialogue with Government Agencies, non-governmental organizations, shareholders, customers, local communities and other stakeholders are important in order to: 1) Work jointly in the search for solutions to environmental problems. 2) Contribute to the development of a useful public policy from the environmental standpoint that is efficient in economic terms. 3) Raise awareness on the importance of taking measures to reduce greenhouse gases.	IBERDROLA develops a set of communication and dialogue channels with environmental interest groups. Through these means, IBERDROLA communicates the objectives, actions taken and achievements of the Company in this field, and to receive feedback and requests from the interested parties in the area of the environment.
Other: Implementation of Environmental Management Systems	Risk mitigation	We aim to improve the compatibility of our infrastructures with the environment and develop a clean management system. We have a Global Environmental Management	In 2016, 84% of the Group’s energy production is subject to management systems under the UNE-EN ISO 14001 and UNE-EN ISO 9001 standards.

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

Goal	Motivation	Description of goal	Progress
preservation		cooling system of the Almaraz Nuclear Plant is semiopen, basically cooled by the Arrocampo Reservoir, which acts as its cooling circuit. The goal is to improve and optimise the capacity for cooling the temperature of the water of the Arrocampo Reservoir, in any case guaranteeing that the temperature of the discharge into the Torrejón-Tajo Reservoir does not exceed 30 ºC.	controlling the risk of eutrophication of the reservoirs, improving the ecologic equilibrium of the reservoir and contributing toward conserving the natural surroundings around the Plant. The area surrounding the Arrocampo reservoir and its shores are a Special Protection Area for birds (SPA).
Watershed remediation and habitat restoration, ecosystem preservation	Shared value	IBERDROLA is totally committed with habitat preservation. 2016 saw the closure of the 2,300 MW Longannet coal-fired thermal plant in the United Kingdom. During the useful life of the plant, the Valleyfield Ash Lagoons were created, made from disposal of ash produced by Longannet reclaiming 200 hectares of land from the sea. The lagoons, 5 km east of Longannet, were an important element in the make-up of the Inner Forth Estuary, internationally recognised for its value to wildlife, and covered by natural heritage designations including the Firth of Forth Ramsar site and Special Protection Area. Our biodiversity action plan ensures that Longannet has been closed in harmony with our wildlife.	ScottishPower continues with Biodiversity Action Plans at each facility to recover and promote the regeneration of the natural habitats, fauna, and flora characteristic of the environment of the facilities.
Watershed remediation and habitat restoration, ecosystem preservation	Shared value	IBERDROLA is totally committed with habitat preservetation. The grounds of Cockenzie Power Station in UK, its coalplant and ash settling lagoons provide a range of habitats that are attractive to wildlife, including woodland, meadows and wetlands.	ScottishPower continues with Biodiversity Action Plans at each facility to recover and promote the regeneration of the natural habitats, fauna, and flora characteristic of the environment of the facilities.
Engagement with public policy makers to advance sustainable water policies and management	Water stewardship	Hidden services provided by reservioirs. Biovalora project was started by the Basque Ecodesign Centre (IHOBE) and has been supported by IBERDROLA throughout. It aims to define a methodology for assessing the economic impact of significant value of these "hidden services" provided by reservoirs.	The project was carried out in the Tera river basin (Zamora); to be more specific, at the following power plants: Cernadilla (installed capacity of 30 MW and reservoir capacity of 255 Hm3), Valparaíso (68 MW and 162 Hm3) and Agavanzal (24 MW and 34 Hm3). These facilities were selected because they combined a representative number of the ecosystem services to be assessed, such as supplying water for fire prevention, irrigation and human consumption, flood control, recreational tourism, water treatment, etc. In order to ensure the most reliable results, it was decided to cover the longest possible period of time. For data availability reasons, the period chosen ended

Goal	Motivation	Description of goal	Progress
			up being the last 10 years.
Watershed remediation and habitat restoration, ecosystem preservation	Increased revenue	In Spain, the company has invested about €10 million on renovating its oldest small hydro power plants, equipping them with the most efficient and advanced technology with the aim of improving output and to extend their lifespan. Also, important environmental and safety measures were carried out, such as raising fish ladders at weirs and fences along canals.	in 2014, IBERDROLA started to modernize the small hydropower projects in Spain.
Other: Efficient and facility safety	Cost savings	FILTRACIONES project, wich focuses on the development of a new methodology for efficient and safety inspections on water channels.	Significant progress made on the Filtraciones Project, with the development of a new methodology for efficiently inspecting water channels.
Other: Disclose information	Brand value protection	The main objective of calculating the Organisational Environmental Footprint is to reduce the environmental impact derived from the organisation's activities. IBERDROLA has calculated its Water Footprint, as part of its Environmental Footprint.	A multi-criteria measure of the environmental performance of goods/services providing organization from a life cycle perspective. Inside the Environmental Footprint is the Water Footprint.
Watershed remediation and habitat restoration, ecosystem preservation	Risk mitigation	IBERDROLA is totally committed with decreasing the impact of its operations. Reduce impact on soil and water environment. This is the main reason to calculate our Environmental Footprint.	Implementation of 338 measures to prevent and mitigate the impact of possible spills and have built 5 new substations deposits performances.
Other: Stakeholders Engagement	Shared value	Stakeholders Engagement is a key point of IBERDROLA's Strategy. with our materiality Matrix we control and monitor the impact of our water management among our stakeholders. External verification (KPMG) and Rep track helps to monitor this issue.	IBERDROLA has a new policy and is developing a new management system stakeholder to monitor and improve relations.
Watershed remediation and habitat restoration, ecosystem preservation	Risk mitigation	Installation of antennae at the Loch Doon fishing port to monitor the migration of tagged Atlantic salmon.	Elimination of potential obstacles to promote, among other phenomena, the migration of Atlantic salmon and other species.
Other: Environmental monitoring	Risk mitigation	Environmental monitoring (wastewater, solid waste or air emissions which are made in the power plant by a "Social Environmental Management Plan - Patagonia Gold"; monitoring of flora and fauna, both in making seawater, and the provision in the outfall area in Brazil, at Termopernambuco Combined Cycle Plant.	Minimisation of the impact on the biodiversity and ecosystem services.

W8.1c

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

Further Information

Module: Linkages/Tradeoff

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

W9.1

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

Yes

W9.1a

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

Environmental issues	Linkage or trade-off	Policy or action
Wastewater management	Linkage	At the La Laguna and Monterrey combined cycle plants in Mexico and at the Klamath cogeneration plant in the United States of America, the water collected for cooling comes from municipal wastewater

Environmental issues	Linkage or trade-off	Policy or action
		treatment stations and is treated at the Company's plants, producing a positive impact by returning water to the environment that is of higher quality than that withdrawn. All water collection is strictly regulated by government authorities, which assign permits and determine the maximum allowed volumes of collection to ensure that there are no significant impacts.
Carbon management	Trade-off	IBERDROLA Ingeniería and AINIA Technology Centre create revolutionary system for capturing CO2 and growing microalgae. It is based on capturing the CO2 from pollutant smoke and reusing it as food in growing microalgae in the water, which are already being used in multiple applications at present. This research is one of the key studies carried out for the CENIT VIDA project, an R&D project spearheaded by the subsidiary of IBERDROLA with the participation of 13 companies and 25 research institutes. This project is a very important step forward in researching the field of microalgae, which are considered to be very important nowadays for their use in energy and because they contain a huge variety of compounds that are of value to the market: proteins, thickening agents, vitamins, enzymes, antibiotics, cosmetics, pharmaceuticals or chemicals.
Protected and restored habitats	Linkage	IBERDROLA Mexico participates in an ambitious project for the recovery of the Estero Garrapatas swamp, with the collaboration of the Autonomous University of Tamaulipas and the port authorities of Altamira. The swamp was affected by the reduction in the water supply after the construction of a gas pipeline and the Company has been actively participating in the restoration and recovery of the ecosystem since 2002.
Protecting aquatic habitats	Linkage	To improve water quality and the aquatic habitat of the riverbank, AVANGRID developed water treatment programs in collaboration with land owners in two river basins, treating runoff from impermeable areas in the basins prior to its entry into the river.
Preservating wetlands: Ducks Unlimited is the world's largest and most effective private waterfowl and wetlands conservation organization.	Trade-off	AVANGRID's Auburn Transmission Project wanted to further Ducks Unlimited's goal of preserving and protecting the beautiful wetlands of their local community, so AVANGRID collaborated with Ducks Unlimited to purchase wetlands that would improve the quality of the habitat and protect the local wildlife.

Further Information

Module: Sign Off

Page: Sign Off

W10.1

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

Name	Job title	Corresponding job category
Agustín Delgado	Chief Innovation and Sustainability Officer, Presidency, depends directly from the CEO and President	Other C-Suite Officer

W10.2

Please indicate that your organization agrees for CDP to transfer your publicly disclosed data regarding your response strategies to the CEO Water Mandate Water Action Hub.

Note: Only your responses to W1.4a (response to impacts) and W3.2c&d (response to risks) will be shared and then reviewed as a potential collective action project for inclusion on the WAH website.

By selecting Yes, you agree that CDP may also share the email address of your registered CDP user with the CEO Water Mandate. This will allow the Hub administrator to alert your company if its response data includes a project of potential interest to other parties using water resources in the geographies in which you operate. The Hub will publish the project with the associated contact details. Your company will be provided with a secure log-in allowing it to amend the project profile and contact details.

Yes

Further Information

CDP