

W0. Introduction

W0.1

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

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

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

IBERDROLA is a world leader in clean energy, focused on promoting CO2 free installed capacity in our mix.

Nearly two decades ago, Iberdrola decided to strongly back clean energy. Since then, Iberdrola has invested tens of billions of Euros in renewable energy – onshore and **offshore** wind energy and **hydroelectric power** – as well as in the grids needed to integrate this renewable energy, and in storage. This pioneering commitment to clean energy has made the company one of the world leaders, with a renewable capacity of almost 30,000 MW (and the number one wind power producer in the world).

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

Once again, IBERDROLA is very proud to participate in the CDP Water Disclosure 2018 and from 2012, we publish our answer in the CEO WATER MANDATE.

Water requires energy and energy requires water; which makes it a necessary resource for the activities of the Group. IBERDROLA's awareness regarding the sustainable use of water is a reality; it is included in one of the 5 pillars of activity within the commitment made by the Group, as reflected in the Sustainability Policy. Water is an essential resource and fundamental to IBERDROLA's business development, making the company aware of the importance of its management and conservation.

At the end of 2017, the use of water in thermal generation has decreased by 9% with respect to 2016 (from 949 to 945 m³/GWh). After use in cooling and other auxiliary processes, 78% of the water withdrawn at thermal generation and cogeneration facilities returns to the receptor environment in a physico-chemical condition allowing it to be utilised by other users without affecting the natural environment. The other 22%

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.

Due to its significance, it should be noted that due to the merger in Brazil of all of the businesses of the company Elektro Holding into Neoenergia in August 2017, it was deemed necessary to reformulate the information for financial year 2016 applying the same standards as financial year 2017, in order for the information for both financial years to be homogenous and comparable. The reformulation involves the consideration of 100% of the socio-economic and environmental parameters of Neoenergia (thus reflecting the control position of the group) instead of the 39% that was used through the prior year.

W-EU0.1a

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

Electricity generation

Transmission

Distribution

Other, please specify (smart grids / demand response)

W-EU0.1b

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

	Nameplate capacity (MW)	% of total nameplate capacity	Gross generation (MWh)
Coal – hard	874	1.8	2839340
Lignite	0	0	0
Oil	0	0	0
Gas	15285	31.55	62516900
Biomass	0	0	0
Waste (non-biomass)	0	0	0
Nuclear	3177	6.56	24277720
Geothermal	0	0	0

	Nameplate capacity (MW)	% of total nameplate capacity	Gross generation (MWh)
Hydroelectric	12513	25.83	15422400
Wind	16077	33.18	34769770
Solar	218.73	0.45	333490
Other renewable	303	0.63	393590
Other non-renewable	0	0	0
Total	48447	100	140553210

W0.2

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

	Start date	End date
Reporting year	January 1 2017	December 31 2017

W0.3

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

Brazil

Mexico

Spain

United Kingdom of Great Britain and Northern Ireland

United States of America

W0.4

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

EUR

W0.5

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

Companies, entities or groups over which operational control is exercised

Not only operational control, the nuclear power stations and subsidiary co-generation plants in Spain, which are counted according equity control, in line with the Sustainability report.

W0.6

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

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Belgium	IBERDROLA only has a Group office in Belgium. Activities in this country are considered not-significant, and are not included in the sustainability boundaries. Even though, the application of the same procedures and processes as those applied within the Group is ensured, thus ensuring the guarantees as to work, basic rights, and environmental protection as derive therefrom. For more information, please visit our Sustainability Report, page 91 https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf .
Netherlands	IBERDROLA only has electricity or gas supply and/or gas storage in Netherlands. Activities in this country are considered not-significant, and are not included in the sustainability boundaries. Even though, the application of the same procedures and processes as those applied within the Group is ensured, thus ensuring the guarantees as to work, basic rights, and environmental protection as derive therefrom. For more information, please visit our Sustainability Report, page 91 https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf .
Germany, Bulgaria, Costa Rica and Montenegro	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. For more information, please visit our Sustainability Report, page 91 https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf .
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. For more information, please visit our Sustainability Report, page 91 https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf .
Italy	IBERDROLA only has electricity production in Italy. Activities in this country are considered not-significant, and are not included in the sustainability boundaries. Even though, the application of the same procedures and processes as those applied within the Group is ensured, thus ensuring the guarantees as to work, basic rights, and environmental protection as derive therefrom. For more information, please visit our Sustainability Report, page 91 https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf .

W1. Current state

W1.1

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

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Important	Direct use: Water is a basic and irreplaceable natural resource in many of Iberdrola's activities. The company's awareness of this dependency and of the risks arising from water shortages has led it to set itself the objective of ensuring an increasingly rational and sustainable use of this resource. No withdrawals are made that significantly affect water resources or habitats relating to the water withdrawal points. The Iberdrola group does not have any plants located in areas considered to have water stress. Indirect Use: No supplier with a significant negative environmental impact has been detected. Furthermore, IBERDROLA does not have major suppliers located in areas with water stress. The Group operates its Management System under an environmental management model that includes a life cycle analysis perspective to evaluate the environmental impacts of the activities and facilities.
Sufficient amounts of recycled, brackish and/or produced water available for use	Vital	Neutral	Direct use: Sea water is the most important water source for our operations and is vital for our assets located in the coast. During 2017, 66% of the water withdrawn was salt-water or brackish water, and it is mainly used to process water from power plants from non-renewable generation and as cooling water. Indirect Use: No supplier with a significant negative environmental impact has been detected. Furthermore, IBERDROLA does not have major suppliers located in areas with water stress. The high volumes of purchases made by the Iberdrola group drive growth in the countries where the company signs contracts, favouring business, industrial and social development in the regions by creating jobs along the entire supply chain. The Group operates its Management System under an environmental management model that includes a life cycle analysis perspective to evaluate the environmental impacts of the activities and facilities.

W1.2

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

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	For IBERDROLA Group, this aspect is very relevant in all its facilities, so 100% of our centres has to monitor it. 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

	% of sites/facilities/operations	Please explain
		processes. Best available practices are used so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, trying to recycle and reuse water to the maximum. Every 6 months this aspect is report to IBERDROLA's corporate environment department in order to be reviewed, consolidated and communicated.
Water withdrawals – volumes from water stressed areas	100%	With the AQUEDUCT-WRI tool, the level of water stress is controlled, currently and future forecasts, of the areas where it operates, but IBERDROLA also works with the competent administration of each region. For example, in years of low rainfall, like the previous two, special care is taken in the use made of resources, since there is an increase in water consumption for hydroelectric generation. The IBERDROLA Group does not have any plants located in areas considered to have water stress and it is important to note that 66% of the water withdrawn is salt-water or brackish water.
Water withdrawals – volumes by source	100%	All water collection is strictly regulated by government authorities, which assign permits and determine the maximum permissible volumes of collection to ensure that there are no significant impacts. The government also establishes and controls surface level limits and ecological flows at the hydroelectric generation reservoirs. Best available practices are used so that the withdrawal and consumption of water is the minimum possible and with the least impact on the environment, trying to recycle and reuse water to the maximum. Every year this aspect is reported to IBERDROLA's corporate department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.
Produced water associated with your metals & mining sector activities - total volumes	<Field Hidden>	<Field Hidden>
Produced water associated with your oil & gas sector activities - total volumes	<Field Hidden>	<Field Hidden>
Water withdrawals quality	100%	Withdrawal, use and return to the environment is the water cycle needed for the generation of power at the thermal generation plants. The quality of this returned effluent is strictly controlled and is kept below the maximum acceptable values established by the government based on the characteristics of the withdrawal and discharge point (sea, reservoir or river).
Water discharges – total volumes	100%	Effluents from the generating plants are treated before they are discharged into the receptor environment (i.e. the sea, reservoirs or rivers, wastewater treatment plants, etc.). Iberdrola has treatment plants and water Quality Measurement Systems at its facilities that allow it to ensure a return to the environment in the desired condition, always in compliance with applicable environmental law (discharge authorizations), and reducing the risk of polluting Every year this aspect is reported to IBERDROLA's corporate environment department in order to be

	% of sites/facilities/operations	Please explain
		reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives.
Water discharges – volumes by destination	100%	The main discharge comes from the cooling systems for the thermal generation plants. The water returned from cooling has insignificant physicochemical changes, including temperature changes, which is controlled so as not to exceed the established discharge limits. There is a thermal increase based on the difference between the water collected and the water discharged. The government establishes certain maximum allowable values for each plant based on the nature of the collection point and the discharge point (ocean, reservoir or river) and carries out monitoring. The plants continuously monitor the temperature of the discharge, and if limits are exceeded, the facility must correct the temperature or halt production. Every year this aspect is reported to IBERDROLA's corporate department in order to be reviewed, consolidated, communicated (internally and externally) and managed according to our goals and objectives. ISO 14001 and EMAS, used for continuous improvement.
Water discharges – volumes by treatment method	100%	Thermal generation power plants have water-treatment facilities that treat the waste water before it is returned to the receiving medium (sea, dam or river). Process waters are subjected to a physical and chemical treatment that includes the separation of hydrocarbons. Wastewater is treated in compact treatment systems with biological aerobic processes. Coal plants have a treatment system for slag from the plant, and a decantation/coagulation process that prevents the entry of particulate coal or coal in suspension into the receptor water. After being treated, the process water and the sanitation wastewater are diluted with the water returned from the cooling system and are discharged with continuous monitoring of various parameters (temperature, turbidity, conductivity, etc.). In Latin America, independent separation networks are used for industrial and sanitary water. Every year this aspect is reported to IBERDROLA's corporate department.
Water discharge quality – by standard effluent parameters	100%	Effluents from the generating plants are treated before they are discharged into the receptor environment (i.e. the sea, reservoirs or rivers, wastewater treatment plants, etc.). For example, In Spain and México, water is discharged under constant monitoring of various parameters (temperature, turbidity, conductivity, etc.) by the Company and the Administration, once a month or once a quarter, to make sure that the characteristics of the effluent are always below the established limits. Also, at some Mexican plants and at the Klamath plant in the United States, treated waste water is reused in their cooling systems, avoiding the use of river or dam water. Every year this aspect is reported to IBERDROLA's corporate environment department in order to be reviewed.
Water discharge quality – temperature	100%	After being treated, the process water and the sanitation wastewater are diluted with the water returned from the cooling system and are discharged with continuous monitoring of various parameters (temperature, turbidity, conductivity, etc.). Once a month or once a quarter, an accredited organisation performs the analyses and reports to the government.
Water consumption – total volumen	100%	Water use/overall production in 2017 has been 597 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

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

W-EU1.2a

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

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

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	54613965.88	Much lower	The water withdrawal reported includes 1,983,024.28 megaliters / year from thermal generation and 50,630,641.59 megaliters / year from the hydro power stations. It is 48.87% lower than the previous year, where we reported the water withdrawal for thermal generation (1,857,223.34 megaliters / year) obviating the extraction of water by hydraulic generation, because, for IBERDROLA water used for hydroelectric generation is not considered withdrawn. Anyway, water withdrawal

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
			for hydroelectric generation during 2016 was 104,991,476.28 megaliters / year, so the total water extracted in 2016 sum: 106,848,699.62 megaliter / year. The water withdrawal from hydro power stations have been assumed as the turbined water. Water extraction in thermal power generation has increased 6.77% due to two consecutive years of low rainfall, however, the total water withdrawal value has decreased almost double, mainly because in Spain the net hydraulic electricity production has dropped from 18,325 GWh in 2016 to 8,297 GWh during 2017. The water withdrawal from thermal power plants increased and so their production to compensate in part, the lack of hydroproduction.
Total discharges	54534941.59	Much lower	The data of 2016 performance has been updated including the 100% of Neoenergia and the use of water in thermal generation in the United Kingdom in 2016: from 1,552,700 to 1,777,000 megaliters/year. In addition, the value of water discharged during 2016 should be added to that corresponding to turbinated water in the hydroelectric generation, which was: 104,991,476.28 megaliters / year. Therefore, the data of water discharged from 2016, would correspond to 106,767,476.28 megaliters, taking into account the thermal and hydraulic generation. So, for year 2017, the water discharged has decreased 48.92 %, due to a decrease of similar value in the extracted water, and in particular, to the water captured for hydroelectric generation, which has led to a decrease in the production of energy in our hydroelectric power plants (the most striking case has been in Spain, where production by hydroelectric generation has decreased from 18,325 GWh in 2016 to 8,297 GWh during 2017). The total discharge figure includes also the return from cooling, the return of water used in processes, and rainwater collected at some thermal facilities without an independent storm sewer system. The total discharge by thermal generation during the year 2017 is 7,21 % higher.
Total consumption	79024.28	About the same	The data for 2016 have changed compared to previous reporting due to revision and update: from 65,970 to 82,000 megaliters / year. Use of water (consumption) is defined as water withdrawn minus water discharged into the natural environment, and for hydroelectric generation IBERDROLA does not consume water, all the water withdrawn is discharged. The data reported about 2016 fiscal year has been updated including the 100% of Neoenergia and the use of water in thermal generation in the United Kingdom in 2016. Total water consumed has decreased 3.63 % related to 2016.

W1.2d

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

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	0	About the same	WRI Aqueduct	With the WRI tool, the level of water stress is controlled, currently and future forecasts, of the areas where it operates, but IBERDROLA also works with the competent administration of each region. For example, in years of low rainfall, like the previous two, special care is taken in the use made of resources, since there is an increase in water consumption for hydroelectric generation. The IBERDROLA Group does not have any plants located in areas considered to have water stress and it is important to note that 66% of the water withdrawn is salt-water or brackish water.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	53630941.59	Much lower	The water withdrawal from fresh surface includes 663,792.60 megaliters / year from thermal generation and 52,630,941,59 megaliters / year from the hydro power stations. It is 49.55 % lower than the previous year, where we reported the water withdrawal from fresh surface only from thermal generation (642,833 megaliters / year) obviating the extraction of fresh surface water by hydraulic generation, because, for IBERDROLA water used for hydroelectric generation is not considered withdrawn. Anyway, water withdrawal from fresh surface for hydroelectric generation during 2016 was 104,991,476.28 megaliters / year, so the total water extracted from fresh surface in 2016 sum: 105,634,309.28 megaliter / year. Water extraction in thermal power generation has increased 3.26 % due to two consecutive years of rainfall The best available practices are introduced and used at the facilities so that the withdrawal and consumption of water is the minimum possible.
Brackish surface water/seawater	Relevant	1297951.06	Higher	8.4% higher than the previous year. Withdrawal of this kind of water has increased respect to the last year is being due to two consecutive years of low rainfalls.
Groundwater – renewable	Not relevant	<Field Hidden>	<Field Hidden>	N/A

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Groundwater – non-renewable	Relevant	1832.9	Much higher	This value has increased almost double because the use of cogeneration plants in Spain, the US and the UK has increased. In Spain it has been due to the last two years of low rainfall.
Produced water	Not relevant	<Field Hidden>	<Field Hidden>	N/A
Third party sources	Relevant	19447.72	Higher	15,4% higher than the previous year, because there has been greater generation in combined cycles, due to low rainfall the past two years.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	54534941.59	About the same	The water discharged to fresh surface includes 609,792.0 megaliters / year from thermal generation and 52,630,941,59 megaliters / year from the hydro power stations (the same that was extracted) It is 49.58 % lower than the previous year, where we reported the water discharged to fresh surface only from thermal generation (600,000 megaliters / year) obviating the water discharged to fresh surface water by hydraulic generation. Anyway, water discharged to fresh surface from hydroelectric generation during 2016 was 104,991,476.28 megaliters / year (same as extracted), so the total water discharged to fresh surface in 2016 sum: 105,591,476.28 megaliter / year.
Brackish surface water/seawater	Relevant	1289000	Higher	10% higher than the previous year
Groundwater	Not relevant	<Field Hidden>	<Field Hidden>	This value is not representative
Third-party destinations	Relevant	6000	Higher	20% higher than the previous year

W1.2j

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

	% recycled and reused	Comparison with previous reporting year	Please explain
Row 1	Less than 1%	About the same	At the thermal plants with closed or semi-open cooling systems, water withdrawn is reused in the cooling towers an average of approximately three to five cycles per m3 before being purged. The total volume of this reuse was approximately 2,014.31 hm3 in 2017. It is important to note that 66% of the water withdrawn is salt-water or brackish water. The La Laguna and Monterrey plants in Mexico and the Klamath cogeneration plant in the United States use wastewater in their cooling systems, which in Mexico was 4% (10,855 hm3) and in the United States was 78% (3,242 hm3) of the total water withdrawn for each country. After use in cooling and other auxiliary processes, 78% of the water withdrawn at thermal generation and cogeneration facilities returns to the receptor environment in a physico-chemical condition allowing it to be utilised by other users without affecting the natural environment. The other 22% 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. In addition, at some of ScottishPower's wind farms the control buildings have rooftop rainwater collectors and storage tanks to use the water.

W-EU1.3

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

Yes

W-EU1.3a

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

Water intensity value	Numerator: water aspect	Denominator: unit of production	Comparison with previous reporting year	Please explain
945	Total water consumption <i>Water use (Cubic meters) in thermal power generation, with the cause of the increase being due to two consecutive years of low rainfall</i>	MWh	About the same	At the end of 2017, the use of water in thermal generation has decreased by 9% with respect to 2016 (from 949 to 945 m3/GWh)

W1.4

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

Yes, our suppliers

W1.4a

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

Row 1

% of suppliers by number

76-100%

% of total procurement spend

76-100

Rationale for this coverage

In the management of suppliers and during the procurement process, the measures adopted to promote proper environmental behaviour by suppliers are based on the Procurement Policy, the Suppliers' Code of Ethics and the specific environmental clauses in the procurement terms of the group. Subsequently, during the supply stage, the business units monitor the environmental performance of the supplier during the term of the contract. In this connection, priority will be given to suppliers that have advanced management systems certified by a third party and, in particular: • Environmental management system. • Quality management system. • Occupational risk prevention system. • Action plan for corporate social responsibility and respect for human rights. The Group operates its Management System under an environmental management model that includes a life cycle analysis perspective to evaluate the environmental impacts of the activities and facilities.

Impact of the engagement and measures of success

The procurement terms of the group establish certain environmental requirements to meet this commitment, and the company also performs various tracking and reporting activities on an on-going basis. At the end of 2017, procurement from suppliers with a certified environmental management system represented 79.5% of all procurement from suppliers of general supplies. The principal environmental risks are considered to be managed through the current management systems and the periodic audits that are performed. No supplier with a significant negative environmental impact has been detected. Furthermore, IBERDROLA does not have major suppliers located in areas with water stress. Having established improvement objectives for all the Purchasing team on increasing purchases from analysed suppliers and increasing the percentage of purchases from A+ suppliers. A specific communication about their situation is sent to those suppliers with a B so that they try to improve to A+.

Comment

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

W1.4b

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

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize innovation to reduce water impacts in products and services

Encourage/incentivize suppliers to work collaboratively with other users in their river basins

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for the coverage of your engagement

Iberdrola implements programmes to develop R&D&i through initiatives such as Perseo, our Corporate Venture Capital programme, dedicated to investing in innovative technologies and businesses that ensure the sustainability of the energy model. Turning to our support for entrepreneurs, in 2015 we launched the Supplier Innovation Programme, centred on three lines of action: providing access to the financing mechanisms, driving the joint creation of companies (spin-offs with suppliers) and fostering innovative purchases to small and medium-sized enterprises. Innovation activities in the renewable energies area focus primarily on improving the efficiency of existing technologies and their integration in the grid, in addition to developing new generation technologies and new designs or processes for projects in the pipeline or future projects mainly associated with offshore wind power.

Impact of the engagement and measures of success

Innovation is a strategic variable for the Iberdrola group and constitutes the main tool for guaranteeing the company's sustainability, efficiency and competitiveness. In 2017, Iberdrola was the fourth largest energy company worldwide in terms of R&D investment, with a total of 246 million euros, 17% higher than in 2016. And over the last ten years this figure has grown by 237%, demonstrating the company's decisive commitment to this sector. Iberdrola works and shall continue to work with excellent and sustainable suppliers, and to do so, it establishes clear traction and measurement mechanisms with resources in the Purchasing Division allocated to these tasks. The Company likewise establishes

personal objectives with its management team that are linked to continuously improving the sustainability ratios of its suppliers. Only in this way can Iberdrola continue to grow and serve the societies in which it is present and to which it is committed.

Comment

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

W2. Business impacts

W2.1

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

No

W2.2

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

Yes, fines

W2.2a

(W2.2a) Provide the total number and financial value of all water-related fines.

Row 1

Total number of fines

1

Total value of fines

3000

% of total facilities/operations associated

1

Number of fines compared to previous reporting year

Much lower

Comment

Last year value was 42,306 €

W2.2b

(W2.2b) Provide details for all significant fines, enforcement orders, and/or penalties for water-related regulatory violations in the reporting year, and your plans for resolving them.

Type of penalty

Fine

Plans for avoiding penalties and environmental – 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 water stressed areas. – Reusing and recycling water at facilities. – Conducting awareness-raising campaigns to achieve a more efficient and responsible use of sanitary water by employees at offices and control buildings.

Financial impact

3000

Country/Region

Spain

In the municipal terms of Andoain and Berastegui (Gipuzkoa)

River basin

Other, please specify (Leitzarán River)

Type of incident

Abstraction without a permit or abstraction that exceeded permit

Type of Incident: Discharge of coal tar waste to the Mill River

Description of penalty, incident, regulatory violation, significance, and resolution

During 2017, se acusó a Iberdrola de “abuso de derecho en la utilización de las aguas para el aprovechamiento de 3.000 l/s de agua del río Leitzarán con destino a la Central Hidroeléctrica de Leitzarán (H/20/2°0075), en Andoain y Berastegui, en los términos municipales de Andoain y Berastegui (Gipuzkoa)” However, an appeal has been filed for this fine since the accusation is made "without specifying what was the use of

the waters that in his opinion supposed an abusive exercise of the right of use, or in what circumstances was carried out that conduct, or on what date or in what way the facts occurred. "

W3. Procedures

W-EU3.1

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

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

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

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

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

DISCHARGES:

Responsible for each facility **that could have a detrimental impact** on water periodically monitors its discharges to ensure that the limits set in current legislation and in its Integrated Environmental Authorisation are not exceeded at any time.

Each plant has a physical-chemical **Effluent Treatment Plant (PTE)** in order to guarantee the **proper quality of the process wastewater before it is discharged** (steam generator purges, equipment cleaning water and plant drainage without oily content, laboratory water, rejection

from the reverse osmosis and electrodeionisation systems). Waste sanitary water and other effluents that might contain oily waste, and that have undergone a previous specific treatment (biological treatment by total oxidation and hydrocarbon separator, respectively) also arrive at this plant. The purges from the cooling towers are mixed with the effluent from the treatment plant in a final homogenisation reservoir before they are discharged into the receiving medium.

There is an emergency reservoir in which the discharge can be deviated **instead of being sent to the receiving medium**, if there is a risk of the parameter limits not being met at the final discharge catch basin.

W-EU3.1a

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

Potential water pollutant	Description of water pollutant and potential impacts	Management procedures	Please explain
Hydrocarbons	The following selection and identification criteria are used: • Under atmospheric emissions, one aspect is identified for each significant parameter in relation to the plant as a whole, rather than by individual area. This is because the impact of these substances on the environment is produced by their combined emissions as a whole, primarily through the contribution of the main groups, for which their significance also needs to be assessed as a whole. • Under discharges into water, two aspects are identified in association with each discharge point: i) One referring to the authorised maximum discharge volume, where applicable; ii) another referring to the physical/chemical load of the discharge, evaluating parameters with a limit value as a whole. The parameters are not assessed individually since the impact on the discharge is the sum of their combined effects, rather than of each individually. • Under waste, one aspect is identified for each set of waste according to its nature (hazardous waste, non-hazardous waste and domestic waste), assessing the final treatment of the waste (D or R), which is what actually generates the impact of this aspect. • Consumption includes the consumption of primary and secondary fuels, given that their	Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages Community/stakeholder engagement Emergency preparedness	During 2017, several environmental actions (MA from the PAMA&Q (Environment and Quality Action Plan) were taken. To avoid the possible pollution of water with hydrocarbons have been carried out. In this case, a hydrocarbon barrier was installed in the river with 100% success. The Group optimises the management of water and hazardous and non-hazardous waste via implemented systems which set targets and objectives for waste reduction, implementing best practices for water use and recycled materials, and other aspects. Iberdrola has an Environmental Management System, and prevention is one of its key objectives. To this end, multiple preventive measures have been implemented in all of the group's businesses. These measures are set out in organisational and technical manuals. Plans to minimise risk have been established in the group's various businesses (emergency guides and procedures, regular drills, etc.), as have reporting and environmental incident management systems; these are used to prevent and to control accidental spills and to inform the relevant authorities whenever necessary.

Potential water pollutant	Description of water pollutant and potential impacts	Management procedures	Please explain
	<p>impact is similar for all fuels, generating a reduction in natural resources that is in proportion to their consumption. • Under noise, measurement points are determined according to the indications given in the Integrated Environmental Authorisation for each plant, both at the plant's perimeter and at its other auxiliary facilities. • Under discharges into the ground and underground water, the parameters identified in each authorisation are considered and compared against the applicable limit value or, in its absence, with the reference value indicated in the legislation in force.</p>		
Thermal pollution	<p>The following selection and identification criteria are used: • Under atmospheric emissions, one aspect is identified for each significant parameter in relation to the plant as a whole, rather than by individual area. This is because the impact of these substances on the environment is produced by their combined emissions as a whole, primarily through the contribution of the main groups, for which their significance also needs to be assessed as a whole. • Under discharges into water, two aspects are identified in association with each discharge point: i) One referring to the authorised maximum discharge volume, where applicable; ii) another referring to the physical/chemical load of the discharge, evaluating parameters with a limit value as a whole. The parameters are not assessed individually since the impact on the discharge is the sum of their combined effects, rather than of each individually. • Under waste, one aspect is identified for each set of waste according to its nature (hazardous waste, non-hazardous waste and domestic waste), assessing the final treatment of the waste (D or R), which is what actually generates the impact of this aspect. • Consumption includes the consumption of primary and secondary fuels, given that their impact is similar for all fuels, generating a reduction in natural resources that is in proportion to their consumption. • Under noise, measurement points are determined according to the indications given in the Integrated Environmental Authorisation</p>	<p>Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages Community/stakeholder engagement Emergency preparedness</p>	<p>Every discharge has to be carefully analysed. The reference limit value set is in the Integrated Environmental Authorisation. For the temperature of the outcrop catchment discharge basin and the thermal difference in the receiving medium, the Integrated Environmental Authorisation of the thermal generation plants provides that the maximum discharge temperature must be “25°C or no more than 3°C higher than the temperature of the receiving medium”. In other words, temperatures higher than 25°C are permitted in the outcrop catchment discharge basin, provided that the second condition is met. It should be understood that “the 3°C increase in temperature that must not be exceeded is the increase in average temperature in a river section after the dispersion area”. Seventy-six (76) social audits were carried out on suppliers with orders during the 2017 fiscal year. Suppliers with nonconformities have a deadline to correct any deficiencies found. The objective of on-site audits is to ensure that the supplier has met all the requirements for minimizing occupational risks and risks in the human resources, environment (including water related risks), quality and corporate social responsibility areas.</p>

Potential water pollutant	Description of water pollutant and potential impacts	Management procedures	Please explain
	for each plant, both at the plant's perimeter and at its other auxiliary facilities. • Under discharges into the ground and underground water, the parameters identified in each authorisation are considered and compared against the applicable limit value or, in its absence, with the reference value indicated in the legislation in force.		

W3.3

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

Yes, water-related risks are assessed

W3.3a

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

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

>10 years

Type of tools and methods used

Tools on the market

Enterprise Risk Management

International methodologies

Databases

Other

Tools and methods used

Global Water Tool for Power Utilities

WBCSD Global Water Tool

WRI Aqueduct

Environmental Impact Assessment

Life Cycle Assessment

IPCC Climate Change Projections

FAO/AQUASTAT

Regional government databases

Internal company methods

Comment

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

Supply chain

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

>10 years

Type of tools and methods used

Tools on the market

Enterprise Risk Management

International methodologies

Databases

Other

Tools and methods used

WBCSD Global Water Tool

WRI Aqueduct
 IPCC Climate Change Projections
 FAO/AQUASTAT
 Regional government databases
 Internal company methods

Comment

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

Other stages of the value chain

Coverage

None

Risk assessment procedure

<Field Hidden>

Frequency of assessment

<Field Hidden>

How far into the future are risks considered?

<Field Hidden>

Type of tools and methods used

<Field Hidden>

Tools and methods used

<Field Hidden>

Comment

W3.3b

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

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	The World Resources Institute defines areas where per capita water supply drops below 1,700 m3/year as water-stressed areas, where disruptive water shortages can frequently occur. AQUASTAT is FAO's global information system on water and agriculture, it collects, analyses, and publicizes information on water resources, water uses, and agricultural water management. By using this method, IBERDROLA affirms that the Company DOES NOT have any plant located in any area

	Relevance & inclusion	Please explain
		<p>considered. We have implemented comprehensive database-monitoring systems at our facilities, and The data are collected through these systems and aggregated at corporate level in order to track the overall performance of the company with respect to such environment standards) as well as with any other environmental regulations. Then, data is publicly reported on the Sustainability Report. . To assess water availability at country and watershed level we use the Global Water Tool for Power Utilities, to obtain information of which facilities are located in water stressed areas. This information is vital to us as relates to water supply, which is critical to ensure continuity of our operations and also support us in our stakeholder’s engagement process to ensure compatibility of different water uses at watershed level. Also, Iberdrola maintains a close relationship with the local governments and the extractions and use of the water depends on the environmental situation and the availability of water.</p>
Water quality at a basin/catchment level	Relevant, always included	<p>The World Resources Institute defines areas where per capita water supply drops below 1,700 m3/year as water-stressed areas, where disruptive water shortages can frequently occur. AQUASTAT is FAO's global information system on water and agriculture, it collects, analyses, and publicizes information on water resources, water uses, and agricultural water management. By using this method, IBERDROLA affirms that the Company DOES NOT have any plant located in any area considered. We have implemented comprehensive database-monitoring systems at our facilities, and The data are collected through these systems and aggregated at corporate level in order to track the overall performance of the company with respect to such environment standards) as well as with any other environmental regulations. Then, data is publicly reported on the Sustainability Report. To assess water quality at country and watershed level we use the Global Water Tool for Power Utilities, to obtain information of which facilities are located in water stressed areas. This information is vital to us as relates to water supply, which is critical to ensure continuity of our operations and also support us in our stakeholder’s engagement process to ensure compatibility of different water uses at watershed level.</p>
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	<p>IBERDROLA takes various types of actions to minimise, mitigate, and offset unfavourable socioeconomic impacts that might be caused by its facilities. Various actions are taken to benefit the community, including: improvements in communication infrastructure, water supply or roadways; public lighting; creation of direct and indirect employment; professional training courses; activities to support entrepreneurs, etc. IBERDROLA, by using an internal tool, characterizes the impacts of its activities, which allows to identify risks related to potential stakeholders’ conflicts (including conflicts concerning water resources), by identifying the severity of the potential impacts depending on whether the consequences of the impact have relevance on the social groups potentially affected. Significant service activities include support for professional formation and training in areas near Iberdrola’s facilities. The Company has developed a methodology for direct dialogue with its Stakeholders based on the AA1000 Assurance Standard, through the consultation and response processes described in indicators 102-43 and 102-44 in the Sustainability Report 2017. Focused specifically on the environmental aspects of its activities, IBERDROLA has a mailbox – medioambiente@iberdrola.es– which is a channel of communication with stakeholders –accessible at www.iberdrola.com (on the "Contact" page, under the "Environment" section)– offering the ability to ask questions, provide questions, place concerns, make complaints, etc. This mailbox, included in the Environmental Management System of the Company, is certified under the ISO 14001 standard, and the management</p>

	Relevance & inclusion	Please explain
		processes and handling of complaints received are audited annually. By way of supplement, IBERDROLA may receive messages related to the environment through various channels that it maintains in social media, described on IBERDROLA's website in the "Press Room/Social Media section", for which there is monthly monitoring.
Implications of water on your key commodities/raw materials	Relevant, always included	Materiality Analysis for IBERDROLA by PWC in 2017 has reflected a low risk associated with the supply of water (5% of significance). WBCSD Water Tool and WRI Aqueduct help to identify current and future water related risks to our supply chain. Furthermore, IBERDROLA has measured the total water consumption linked to the activity of its entire supply chain. This help IBERDROLA to analyze better and identify the global water footprint linked to our value chain activity and decide about the actions to take with respect to those direct suppliers with the heaviest water consumption rates and the higher impact on IBERDROLA's activity
Water-related regulatory frameworks	Relevant, always included	Relationships geared to the enactment of efficient regulatory provisions allowing for development of a competitive market in activities not subject to a natural monopoly and sufficient remuneration for regulated businesses. There is a continuous and constructive dialogue carried out with the internal knowledge of the company. As a general rule, we work for the respect for the principles of good regulation: proportionality, effectiveness and efficiency, responsibility and independence, consistency and credibility and, transparency and clarity. The WRI Aqueduct Can also help identify potential areas subject to regulatory changes at the local level with regard to water. About future potential Regulatory changes, IBERDROLA is acquainted with concerns and proposals of regulatory entities and puts forward its own opinions in legitimate defence of its interests and those of its shareholders, customers and users. It actively participates in public hearings by regulatory entities to ascertain opinions of the players involved in the processes, and in official processes of enactment of laws and regulations and monitoring of its application. The WRI Aqueduct can be used to identify those regions that are most likely to undergo legislative regulatory changes owing to water access problems. We have actively engaged in industry association working groups, which analyzed emerging regulations including water related laws, i.e.: UNESA (Spanish Association of the Electricity Industry) and CEOE (Spanish Business Association) and Eurelectric (European Association of the Electricity Industry).
Status of ecosystems and habitats	Relevant, always included	Collection and discharges during 2017 were within the limits indicated by the relevant environmental permits, no anomalies were detected that could materially affect water resources or related habitats. Our activities can even be beneficial for the ecosystem. This is the case of Altamira plants in Mexico, which discharge into the Garrapatas estuary, allowing it to recover its salinity and thus the specific characteristics of this habitat and the species of fauna and flora adapted thereto. Or in the case of Brazil, that as a result of hydroelectric plants in several areas, many actions are carried out to reforest affected areas. With the help of ISO 14001 IBERDROLA is able to annually publish a sustainability report besides identify and monitor local ecosystems and habitats that could be affected during an operation. Problems of eutrophication and ecotoxicity are derived from contamination. Iberdrola seeks to prevent contamination of soil and water systems which sustain life on earth. Amongst its main environmental goals is to prevent contamination from spills or discharges. To do this, in businesses across the Group implement numerous preventive actions, defined via the organisation and technical manuals, such as safety and containment measures to prevent damage. The yearly plans for each company in the Group include the provision of facilities for oil

	Relevance & inclusion	Please explain
		collection in the event of a massive spill in substations and transformer stations, the waterproofing of vats and/or the installation of containment barriers in sensitive environments.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Health and safety of our employees is an indispensable goal for us, ensuring implementation of the human right to water and sanitation. This follows the UN Guiding Principles for Business and Human Rights and is aligned with UN Sustainable Development Goal number 6.
Other contextual issues, please specify	Please select	

W3.3c

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

	Relevance & inclusion	Please explain
Customers	Relevant, always included	With IBERDROLA 's commitment with society, we are developing awareness campaigns on saving and water use efficiency. In 2017, more than 12,000 people visited the Energy Classrooms near the windfarms in Spain. There are also two visitor centres in the United Kingdom, located at the Cruachan hydroelectric plant and at the Whitelee windfarm, where visits are received from the general public and from school groups. Of note is the collaboration with Hydrographic Confederations and other bodies in Spain to enable various activities near the hydroelectric reservoirs (sports events, support for reproduction of certain species, etc.), by adjusting flows at certain times. In the Hydraulic Generation field, the implantation of AA1000 Standard (2008), in accordance with the principles of inclusiveness, materiality, and responsiveness established in it, and standards of Accountability's Assurance started in 2011. The Company has also made some Campaigns in order to arising awareness given some tips related to water use such as, tips related to Washing Machine and Tumble Dryer and also Dishwasher. All the information and tips are available at https://www.iberdrola.es/en/energy-saving/tips . The main goal of these tips is to care for the environment at the same time that our consumers can also save money. We have direct channels to improve the relation with our customers, one of our more relevant stakeholder group, orienting and prioritizing its involvement in the identification of material issues. We engage with our customers through our commercial offices, our website, our sales managers, our customer service centers, social networks and mobile app; we also carry out surveys, forums and workshops with our customers.
Employees	Relevant, always included	IBERDROLA uses social media as an effective tool to sensitize both its employees and society. We also engage with our employees through our intranet, newsletter about sustainability and SDG related issues, contact mailbox, and since 2017, our internal social network (Yammer). We also organize forums, knowledge interviews, workgroups, clima surveys, etc. In 2017, 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 6% compared to 2016.

	Relevance & inclusion	Please explain
Investors	Relevant, always included	IBERDROLA supports transparency regarding water strategy of the company. Signatory of the Global Round Table on Climate Change. In March 2012 the Water CEO Mandate was signed. 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 2017 information public.
Local communities	Relevant, always included	IBERDROLA's commitment to the local communities of the countries in which it operates takes shape through social activities in cooperation with governments, institutions and civil society organisations, as well as through sponsorships and patronage. The programmes of activity focused on social and economic development of the surroundings are especially significant. These programmes and activities are implemented in various complementary ways: – Directly by Iberdrola, through the Institutional Relations Division. – Directly by subsidiaries or affiliates (i.e. investee companies, i.e. those in which the company has an equity interest), in their respective areas of activity. – Sponsorship and patronage activities, primarily through Fundación Iberdrola in Spain, ScottishPower Foundation in the United Kingdom, Avangrid Foundation in the United States, Instituto Neoenergia in Brazil and Fundación Iberdrola in Mexico. – There are also two other organisations in the United Kingdom with a philanthropic purpose: The ScottishPower Energy People Trust and The ScottishPower Green Energy Trust, which carry out activities in their specific areas of competence. Actions taken to benefit the community: improvements in communication infrastructure; water supply or roadways; public lighting; creation of employment; professional training courses; activities to support entrepreneurs, etc. The Teles Pires hydroelectric power plant located in the middle of the Amazon Forest, one of the most important energy generation projects to date in Brazil, was launched in 2016. Over 40 social and environmental initiatives were set up. Most of these focused on enhancing healthcare and quality of life and the local indigenous communities.
NGOs	Relevant, always included	As regards lobbying activities, IBERDROLA is registered with the Transparency Register created by European institutions to provide adequate transparency to the relations of such institutions with companies, NGOs, citizens' associations, think tanks, etc. The register was created by the European Parliament and the European Commission, and the Council of the European Union supports the initiative. IBERDROLA's record in such register can be found on the EU's website. In its activities to influence public policies, Avangrid has made the financial contributions shown in the US register. And finally, a project for the dissemination of regulatory positions has been developed as part of Iberdrola's transparency policy. Therefore, the company has made publicly available a compilation of Global Regulatory Positions, valid for all countries and businesses. The goal is for the regulatory positions advanced by IBERDROLA to be transparent and well-known. IBERDROLA has established a Vulnerable Customer Protection Procedure in order to ensure energy supply to economically disadvantaged citizens. These are supplies under subsidised rates (bono social) due to being pensioners or to the unemployment of all members of a family unit. Since 2015 IBERDROLA has also been encouraging the signing of agreements with various public institutions and NGOs, consistent with its goal of protecting customers who cannot pay their gas and electricity bills. 100% of the domestic customers of IBERDROLA reside in a locality protected by an agreement.
Other water users at a basin/catchment level	Relevant, always included	Impact studies, public consultations and work with stakeholders are performed at the majority of projects to keep the environmental impact as low as possible. Termopernambuco thermal power plant runs an R&D+i programme, the following environmental projects are particularly noteworthy: development and implementation of artificial reefs near the plant to recover the habitat and fishing resources intended for local fishermen; and development of a biodegradable oil for the hydraulic systems in hydroelectric plants to

	Relevance & inclusion	Please explain
		prevent environmental damage caused by oil spilling into water. In Mexico, IBERDROLA has participated in the construction and/or improvement of various recreational, educational, and health centers, as well as infrastructure improvement and expansions of potable-water and sewage networks.
Regulators	Relevant, always included	IBERDROLA is acquainted with the concerns and proposals of regulatory entities and puts forward the Company's own opinions in the legitimate defence of its interests and those of its shareholders, customers and users. It also actively participates both in "public hearings" held by regulatory entities in order to ascertain the opinions of the players involved in the processes prior to the revision of regulations or the determination of domestic energy policies, and in the official processes of enactment of the laws and regulations and the monitoring of the application thereof. As a general rule, IBERDROLA works for the approval of and respect for the principles of good regulation: proportionality, effectiveness and efficiency, responsibility and independence, consistency and credibility and, finally, transparency and clarity.
River basin management authorities	Relevant, always included	During the construction and operation of its facilities, IBERDROLA carries out activities unrelated to its facilities without a specific commercial purpose, intended to meet the needs of the social environment, resolving needs in neighboring communities. For this purpose, IBERDROLA cooperates with local authorities. At Escombreras CCGT, there has been a collaboration with the Public Administration, within the framework of the Association of the Valley of tailings, unifying the checks carried out by companies that pour into the body of water called The mistress-Punta Gables to ensure reliable information on which synergies of discharges of different activities are taken into account. Establishment of homogeneous indicators for control, as MEDOCC index and / or BOPA (presence or absence of species of benthic indicator of contamination), and CARLIT index and / or BENTHOS (presence or absence of species of macroalgae indicator of contamination).
Statutory special interest groups at a local level	Relevant, always included	Actions plans in 2017: 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 2017, more than 12,000 people visited the Energy Classrooms. There are also two visitor centres in the United Kingdom, located at the Cruachan hydroelectric plant and at the Whitelee windfarm, where visits are received from the general public and from school groups. Of note is the collaboration with Hydrographic Confederations and other bodies in Spain to enable various activities near the hydroelectric reservoirs (sports events, support for reproduction of certain species, etc.), by adjusting flows at certain times.
Suppliers	Relevant, always included	IBERDROLA tries to act as reference in water management for all its contractors and suppliers. There are commitments in the Purchasing area to foster environmental responsibility and promote strict compliance by suppliers with contractual conditions and current legislation, with particular emphasis on respect for the principles established in the United Nations Global Compact. IBERDROLA's Procurement Division has a Global Supplier Management Model. None of our suppliers is exposed to water-related risks. IBERDROLA considers its supply chain on the Water indicators, in the countries that suffer water-stress, the company does not perform any activity in the procurement area. IBERDROLA uses the CSR scoring model to evaluate its suppliers' social

	Relevance & inclusion	Please explain
		responsibility. It quantifies the suppliers' relative position according to their CSR management in a way that establishes a differentiating criterion when tendering or contracting with them. The evaluation adds value for the supplier, enabling it to discover areas they can focus their efforts on to improve their social responsibility. To do this, the supplier must provide answers about itself in the four dimensions of CSR: •Leadership •Dialogue •Management •Communication Depending on the result, suppliers are classified as: "A +" or above average suppliers, "A" or suppliers with an average score and "B" or below average
Water utilities at a local level	Relevant, always included	Water related risks are managed through quality processes and periodic audits. Measures adopted to promote proper environmental behaviour of suppliers are based on the Procurement Policy, the Suppliers' Code of Ethics, and the specific environmental clauses in the contracting terms of the Group. Subsequently, during the supply stage, the business units monitor the environmental performance of the supplier during the term of the contract. No supplier with negative environmental impact has been detected.
Other stakeholder, please specify	Relevant, always included	IBERDROLA makes grievance mechanisms and tools and the management processes associated therewith available to its Stakeholders. This is fully described in the "Grievance mechanisms for impact on society" section of the "Specific management approach to the Social Dimension" of this report. Iberdrola has an email mailbox medioambiente@iberdrola.es, which serves as a channel of communication with its Stakeholders, and which can be accessed in the contact section, offering the ability to ask questions, provide suggestions, place concerns or make complaints. The mailbox is included in the Environmental Management System of the company, and is certified under the ISO 14001 standard. 1,865 messages were received through this mailbox in 2017, of which only 2 were an environmental grievance, and which were managed with those responsible and closed during 2017.

W3.3d

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

Common principles of action for the management of environmental risk and opportunities from the Organizations of the Group. This procedure is aligned to the company's guidelines from the Control and Risk Management's General Policy approved by the Board of Directors of Iberdrola SA. The main objective is to be able to have a global view of the level of environmental risk and to identify opportunities from them. Compliance with legal requirements and other environmental requirements, and the achievement of environmental objectives.

All environmental risks and opportunities assessed at each IBERDROLA organisation shall be notified and recorded. Any documents that define the monitoring, assessment and measurement of these risks and opportunities shall also be identified.

In the assessment of the different environmental risks, IBERDROLA may use the method described in "Methodology for environmental risk analysis" which the organisations use as a guide for determining their risks. In order to achieve a global perspective on the level of environmental risk, businesses notify any environmental risks they consider critical. This criticality shall be determined by the high probability of occurrence of the event as well as the severity of the consequences of such an event on the environment and its financial impact on the business.

Risk = Probability or frequency * consequence or danger

The probability of occurrence and the consequences of the event shall be assessed for each risk identified. The risks to be reported are those we shall call substantial and intolerable. The level of probability and the level of consequence shall be those determined by each business according to their risk assessment and must be documented.

W4. Risks and opportunities

W4.1

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

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

W4.1a

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

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

Natural capital, understood as natural resources affected in the performance of the company’s activities, is one of the fundamental assets in the Iberdrola group’s creation of value and a fundamental asset for all of its Stakeholders.

During their respective life cycles, generation, transmission, distribution and sales activities cause interactions with various ecosystems, landscapes and species. Therefore, these ecosystems occupy a leading role in the business strategy through four priority lines of action:

- Mediation for the protection, preservation and sustainable use of natural capital.
- Information through impact assessment and the development and application of guidelines on biodiversity for new projects.

– Relations with Stakeholders, which seeks to consider the legitimate aspirations of the Stakeholders and develop action plans in accordance therewith.

– Commitment to internal and external training, awareness-raising and communication.

Various instruments are used to carry out these lines of action, including:

– Biodiversity Policy: applicable in all of the geographic areas in which the Iberdrola group does business, the basic principles of which are reflected in the lines of action.

– Stakeholder Relations Policy.

– Biodiversity plans based on avoiding and/or mitigating impact, restoring natural capital, assessing impact, Stakeholder relations and awareness-raising.

– Environmental management systems certified in accordance with ISO 14001 or EMAS standards, in order to prevent and control environmental risks.

– Corporate Environmental Footprint, enabling limitation of the group's impact on biodiversity.

For more information, see Iberdrola and biodiversity web page , which sets out the management approach, strategies and progress in the activities conducted by the various businesses and regions in which Iberdrola has a presence.

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

- Reduction in power generation: water availability (for example, cooling water) changes can impact our assets

- Social conflicts due to significant impacts in water usage.

- Operational changes due to regulatory changes.

- Environmental incidents

Liberalised business (including electricity generation) accounted for 21,85% of IBERDROLA's EBITDA in 2017. Hydropower generation accounted for 11,41 % of the total production in 2017. Substantive changes are defined as those events with potential impacts in IBERDROLA Group's EBITDA (decrease or increase of 5% of EBITDA).

W4.1b

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

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	4	Less than 1%	The main water risk for the hydroelectric and thermal generation of IBERDROLA is the availability of water. Although the IBERDROLA Group does not have plants located in areas considered to be water stressed, it is true that in recent years we have suffered from low water availability, which is why in some of the main regions where we operate. Therefore, we decided to list the most representative power plants in each of the main IBERDROLA regions, taking into account the most sensitive technologies to water stress, being in Spain, Brazil and UK the ones corresponding to the hydraulic generation and in Mexico to the thermal generation.

W4.1c

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

Country/Region

Spain

River basin

Douro

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Field Hidden>

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

Less than 1%

% company's global oil & gas production volume that could be affected by these facilities

<Field Hidden>

% company's total global revenue that could be affected

Less than 1%

Comment

We have considered Douro river basin because it has the largest hydraulic capacity installed with 6.79 % of total production capacity in 2017 (17 % of the IBERDROLA's hydraulic production and 2 % of the total production of the Group in 2017). Among the 17 hydroelectric plants that are located in the basin of the river Duero, we have considered Villarino de los Aires because it has the largest installed capacity. IBERDROLA Group has no power plants located in water-stressed areas.

Country/Region

Brazil

River basin

Other, please specify (Teles Pires River, Mato Grosso)

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Field Hidden>

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

1-25

% company's global oil & gas production volume that could be affected by these facilities

<Field Hidden>

% company's total global revenue that could be affected

Less than 1%

Comment

The main hydroelectric power plant at Neoenergia is Teles Pires. The plant is located on the border of the states of Pará and Mato Grosso, on the River Teles Pires, which is a tributary of the River Tapajós, close to the towns of Jacareacanga and Paranaíta. Teles Pires plant represents 1.90 % of total production capacity in 2017 (24 % of the IBERDROLA's hydraulic production and 2.79 % of the total production of the Group in 2017).

IBERDROLA Group has no power plants located in areas considered to have water stress. Due to its significance, it should be noted that due to the merger in Brazil of all of the businesses of the company Elektro Holding into Neoenergia in August 2017, it was deemed necessary to reformulate the information for financial year 2016 applying the same standards as financial year 2017. This reformulation involves the consideration of 100% of the socio-economic and environmental parameters of Neoenergia (thus reflecting the control position of the group) instead of the 39% that was used through the prior year.

Country/Region

United Kingdom of Great Britain and Northern Ireland

River basin

Other, please specify (Lock Awe. ARGYLL AND BUTE)

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Field Hidden>

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

Less than 1%

% company's global oil & gas production volume that could be affected by these facilities

<Field Hidden>

% company's total global revenue that could be affected

Less than 1%

Comment

We have considered Lock Awe basin that has 1 hydraulic plant (Cruachan) with 0.90% of total production capacity in 2017 (2 % of the IBERDROLA's hydraulic production and 0.24% of the total production of the Group in 2017). This facility is IBERDROLA's bigger hydro-power station in UK, with an installed capacity of 440 MW IBERDROLA Group has no power plants located in areas considered to have water stress.

Country/Region

Mexico

River basin

Other, please specify (River Moctezuma, San Luís Potosí)

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Field Hidden>

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

1-25

% company's global oil & gas production volume that could be affected by these facilities

<Field Hidden>

% company's total global revenue that could be affected

1-25

Comment

We have considered CC Tamazunchale because it has most installed capacity in Mexico, with 1,036 MW. CC Tamazunchale represents 2.12 % of total production capacity of IBERDROLA Group and it is located in San Luis Potosí. The electricity generation during 2017 by CC.Tamazunchale was 8,778,715 MWh

W4.2

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

Country/Region

United States of America

River basin

Other, please specify (all basins where IBERDROLA is located)

Type of risk

Physical

Primary risk driver

Flooding

Primary potential impact

Closure of operations

Company-specific description

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

Timeframe

1 - 3 years

Magnitude of potential impact

Medium-low

Likelihood

Unlikely

Potential financial impact

1

Explanation of financial impact

The magnitude has been set using a qualitative 5 point scale from High to Low. At USA, IBERDROLA has 212 MW of Combined Cycle plants (two) and one Cogeneration Power plant of 636 MW. If there were any impact that would alter its normal operation, the 6,631 MW of renewables installed in the rest of the country could ensure the quality of supply - The proportion of business units affected
Develop flood emergency plans
Infrastructure maintenance

Primary response to risk

Develop flood emergency plans

Description of response

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

Cost of response

16744007

Explanation of cost of response

As an example of response strategy, storms affected our operations in Maine area at the beginning of 2017. The restoration and support efforts by IBERDROLA USA subsidiaries is a clear example of best practice during emergency situations produced by climate disasters. The cost to cope with this risk in 2017 corresponds to activities in environmental prevention and environmental impact remediation like prepare substation spill plans and effluent treatment.

Country/Region

Spain

River basin

Other, please specify (All basins where IBERDROLA is located)

Type of risk

Regulatory

Primary risk driver

Please select

Primary potential impact

Brand damage

Company-specific description

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

Timeframe

1 - 3 years

Magnitude of potential impact

Medium

Likelihood

Likely

Potential financial impact

2

Explanation of financial impact

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

Primary response to risk

Increase insurance coverage

Description of response

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

Cost of response

8005822

Explanation of cost of response

The cost to cope with this risk in 2017 corresponds to these insurances

Country/Region

Brazil

River basin

Other, please specify (All basins where IBERDROLA is located)

Type of risk

Reputation & Markets

Primary risk driver

Please select

Primary potential impact

Brand damage

Company-specific description

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.

Timeframe

4 - 6 years

Magnitude of potential impact

Medium-low

Likelihood

Unlikely

Potential financial impact

1

Explanation of financial impact

The magnitude has been set using a qualitative 5 point scale from High to Low. Using methods such as WBCSD Global Water tool, WRI Aqueduct, FAO/AQUASTAT and internal company knowledge, IBERDROLA can easily identify current and future water needs and availability where it operates, such as water-stress areas (our main water risks are water-stress areas, where IBERDROLA has no presence), Flood Occurrence, access to water or drought severity.

Primary response to risk

Infrastructure maintenance

Description of response

Increase investment in infrastructure IBERDROLA has installed systems for capturing and storing rainwater for human consumption in the area around the Caetité windfarm in inland Bahia (Brazil). This initiative will supply water to over 3,300 homes that currently have no connection to the general water system, and no access to any type of storage resource. NEOENERGIA developed a project with the Brazilian Ministry for Social Development and the Fight against Hunger (MDS) as part of the Water for All programme.

Cost of response

239753

Explanation of cost of response

The materiality analysis for IBERDROLA by PWC during 2017 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 also joined the challenge of achieving the objectives of Sustainable Development Goals (SDGs), including Goal 6: Clean water and sanitation.

Country/Region

Mexico

River basin

Other, please specify (All basins where IBERDROLA is located)

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Increased operating costs

Company-specific description

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

Timeframe

More than 6 years

Magnitude of potential impact

Medium-low

Likelihood

Unlikely

Potential financial impact

2

Explanation of financial impact

The magnitude has been set using a qualitative 5 point scale from High to Low. Every year IBERDROLA implements preventive actions and awareness-raising campaigns to prevent and mitigate the impact of potential spills. These included the construction oil collection reservoirs in case of a major discharge at the substations or transformer stations, as well as waterproofing of containers.

Primary response to risk

Increase investment in new technology

Description of response

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

Cost of response

60000

Explanation of cost of response

At La Laguna and Monterrey combined cycle plants a system has been designed for reusing water from the pool. Costs to cope with this risk in 2017 have been generated by effluent treatment activities investments.

Country/Region

Spain

River basin

Other, please specify (all basins where IBERDROLA is located)

Type of risk

Physical

Primary risk driver

Declining water quality

Primary potential impact

Increased operating costs

Company-specific description

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

Timeframe

4 - 6 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Potential financial impact

1

Explanation of financial impact

The magnitude has been set using a qualitative 5 point scale from High to Low. All the thermal power-generation plants in Spain have treatment systems that treat residual water before discharging it into the natural receptor environment. Water from the process undergoes physicochemical treatment, which includes the separation of hydrocarbons. Wastewater is treated in compact treatment systems with biological aerobic processes.

Primary response to risk

Increase investment in new technology

Description of response

As regards the treatment of discharges, at Velilla power plant, in Spain, biological treatment for desulphurisation commenced 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 the water-steam cycle, from the reactor coolants, and from the standby systems are processed in the liquid waste treatment system and are returned to the cycle for reuse. At our Combined Cycle plants, we monitor them constantly to ensure that the limits provided in its Integrated Environmental Authorisation are not exceeded by controlling its discharges on a regular basis, as provided in its Discharge Control Quality Assurance Plan. they also have an Effluent Treatment Plant to ensure the quality of the process waste water prior to its discharge.

Cost of response

5604075

Explanation of cost of response

The cost to cope with this risk in 2017 corresponds to purchase costs derived from effluent treatment equipment.

Country/Region

United Kingdom of Great Britain and Northern Ireland

River basin

Other, please specify (All basins where IBERDROLA is located)

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Constraint to growth

Company-specific description

Given the importance of hydropower generation for IBERDROLA, a decrease in rainfall would have a negative effect on the overall mix of the company. IBERDROLA is likely to adjust investment and maintenance strategies. For our thermal plants, the operation of stations may be impacted via temperature changes to the coolants used to manage the steam production, waste and by product heat. This may require re-calibration of certain plan operations.

Timeframe

More than 6 years

Magnitude of potential impact

Medium

Likelihood

Unlikely

Potential financial impact

2

Explanation of financial impact

The magnitude has been set using a qualitative 5 point scale from High to Low. Using methods such as WBCSD Global Water tool, WRI Aqueduct , FAO/AQUASTAT and internal company knowledge, IBERDROLA can easily identifies current and future water needs and availability where it operates, such as water-stress areas (our main water risks are water-stress areas , where IBERDROLA has not presence)

Primary response to risk

Water management incentives

Description of response

IBERDROLA's facilities are located in an excellent strategic position not being object of physical risk in the short term. In existing facilities critical elements are being reinforced, and physical security requirement is a priority element considered in the construction of the new facilities. The Group is aware of future scarcity problems, especially fresh water for population and ecosystems. No situations were recorded during 2017 that significantly affect water resources or the habitats associated with the water-collection points, which are for the most part significant masses of fresh water or salt-water. IBERDROLA has developed a very strong awareness of the physical risks associated with water availability. In the UK, the company is working with 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.

Cost of response

55994

Explanation of cost of response

IBERDROLA tries to focus its efforts to solve problems which could arise since stakeholders attach significance to reduction and performance targets in various environmental areas, such as emissions, water consumption, waste generation, etc., and pay special attention to efficiency in the management of resources and to the external verification of emissions data. The cost to cope with this risk in 2016 is a percentage of investments in effluent treatment activities.

Country/Region

Spain

River basin

Other, please specify (All basins where IBERDROLA is located)

Type of risk

Regulatory

Primary risk driver

Please select

Primary potential impact

Constraint to growth

Company-specific description

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

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium

Likelihood

Likely

Potential financial impact

2

Explanation of financial impact

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

Primary response to risk

Engage with regulators/policymakers

Description of response

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

Cost of response

5172548

Explanation of cost of response

In order to prevent any impact, IBERDROLA relies on transparency and environmental management systems. 100% IBERDROLA hydro generation facilities in Spain are under ISO 14000 System: minimising environmental risks, thus improving the Company's environmental management in line with its commitment to environmental protection. The cost to cope with this risk in 2016 is a Cost percentage in of the investment in new infrastructure.

Country/Region

Spain

River basin

Other, please specify (all basins where IBERDROLA is located)

Type of risk

Physical

Primary risk driver

Increased water scarcity

Primary potential impact

Loss of license to operate

Company-specific description

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.

Timeframe

1 - 3 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Potential financial impact

2

Explanation of financial impact

The magnitude has been set using a qualitative 5 point scale from High to Low. Using methods such as WBCSD Global Water tool, WRI Aqueduct, FAO/AQUASTAT and internal company knowledge, IBERDROLA can easily identify current and future water needs and availability where it operates, such as water-stress areas (our main water risks are water-stress areas, where IBERDROLA has not presence), Flood Occurrence, access to water or drought severity.

Primary response to risk

Water management incentives

Description of response

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 it is considered an inherent risk to IBERDROLA.

Cost of response

31000000

Explanation of cost of response

Cost in investment in new infrastructure.

W4.2a

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

Country/Region

Spain

River basin

Other, please specify (All basins where IBERDROLA is located)

Stage of value chain

Supply chain

Type of risk

Regulatory

Primary risk driver

Changed product standards

Primary potential impact

Increased operating costs

Company-specific description

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

Timeframe

>6 years

Magnitude of potential financial impact

Medium-low

Likelihood

Unlikely

Potential financial impact

1

Explanation of financial impact

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

Primary response to risk

Increase investment in new technology

Description of response

IBERDROLA is the most innovative Spanish utility, the second-most in Europe and the fourth-most in the world with the largest volume of resources dedicated to R&D&I. During 2017, R&D&I investment was 246 million euros. Fostering the Supplier Innovation Programme to encourage the joint creation of companies and simplify access to financing mechanisms. We value building strong relationships with our diverse suppliers; these relationships give us the competitive advantage as being one of the best in the utility market. Through our efforts, we are able to seek out suppliers who are capable of providing the best service in terms of cost, quality and delivery. We have in place a contracting and a relationship with suppliers policies. The cost to cope with this risk is based on our R&D investment.

Cost of response

12300000

Explanation of cost of response

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

Country/Region

Spain

River basin

Other, please specify (All basins where IBERDROLA is located)

Stage of value chain

Supply chain

Type of risk

Reputation & markets

Primary risk driver

Please select

Primary potential impact

Company brand damage

Company-specific description

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

Timeframe

>6 years

Magnitude of potential financial impact

Medium-low

Likelihood

Unlikely

Potential financial impact

2

Explanation of financial impact

The magnitude has been set using a qualitative 5 point scale from High to Low Our company can be involved in a problem of a supplier, despite being totally outside them.

Primary response to risk

Other, please specify (improve engagement with suppliers)

Description of response

IBERDROLA has developed a GLOBAL SUPPLIER MANAGEMENT MODEL (including a Total Supplier Management System) that enables the company to register and classify its suppliers. Tenders by IBERDROLA include contractual conditions requiring that the parties act within stringent levels of security, occupational risk prevention, and respect for the environment. Once the suppliers have registered in our Global Suppliers Management System, suppliers are evaluated on the basis of their technical and production capabilities, among other things, and their status in the following areas is weighted: - Quality - Safety and occupational risk prevention - Environment - Social Responsibility - Economic and financial condition - Prior references - Anti-bribery & Corruption assessment. The status of suppliers as regards sustainability, the first four areas mentioned above, has a weight of 40% in the total score.

Cost of response

10000000

Explanation of cost of response

To improve the status of suppliers with a lesser performance in this area, involvement, awareness-raising and motivation activities are conducted throughout the year, in order for suppliers to achieve certification in quality, the environment and/or occupational risk prevention. The cost to cope with this risk in 2017 is related to Environmental Management System Costs and Supplier Management Cost.

Country/Region

Spain

River basin

Other, please specify (All basins where IBERDROLA is located)

Stage of value chain

Supply chain

Type of risk

Physical

Primary risk driver

Please select

Primary potential impact

Increased operating costs

Company-specific description

Increased operational cost related to important materials for ongoing business operation.

Timeframe

>6 years

Magnitude of potential financial impact

Medium

Likelihood

Unlikely

Potential financial impact

2

Explanation of financial impact

The magnitude has been set using a qualitative 5 point scale from High to Low. Using methods such as WBCSD Global Water tool, WRI Aqueduct , FAO/AQUASTAT and internal company knowledge, IBERDROLA can easily identifies current and future water needs and availability where it operates, such as water-stress areas (our main water risks are water-stress areas , where IBERDROLA has not presence), Flood Occurrence, access to water or drought severity.

Primary response to risk

Promote investment in infrastructure and technologies for water saving, re-use and recycling among suppliers

Description of response

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 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.

Cost of response

17241828

Explanation of cost of response

IBERDROLA uses the CSR scoring model to evaluate its suppliers' social responsibility. It quantifies the suppliers' relative position according to their CSR management in a way that establishes a differentiating criterion when tendering or contracting with them. The evaluation adds value for the supplier, enabling it to discover areas they can focus their efforts on to improve their social responsibility

W4.3

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

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

W4.3a

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

Type of opportunity

Markets

Primary water-related opportunity

Stronger competitive advantage

Company-specific description & strategy to realize opportunity

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

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

High

Potential financial impact

65000000

Explanation of financial impact

The potencial financial impact has been ESTIMATED from hydraulic outputs / hydraulic GWh obtained in 2017. 65,000,000 is the potencial financial impact of the plant during a year with an average production of 1,760 GWh. The Portuguese and Spanish electricity markets will benefit from the new infrastructure. By increasing generation and storage capacity, the new plants will provide more flexibility and security of energy supply on the Iberian electricity market. The dams (Alto Tâmega, Daivões and Gouvães) are located in the Douro River Basin and are expected to provide an average of 1,760 GWh per year to the Iberian market.

Type of opportunity

Efficiency

Primary water-related opportunity

Please select

Company-specific description & strategy to realize opportunity

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

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low-medium

Potential financial impact

0

Explanation of financial impact

No volume data currently collected for rainwater harvesting. We have requested meters to be installed on rainwater harvesting units however this needs to be considered in the overall ScottishPower General Services programme of works. We will continue to pursue this in 2018.

Type of opportunity

Markets

Primary water-related opportunity

Stronger competitive advantage

Company-specific description & strategy to realize opportunity

As a leader in renewable energies, IBERDROLA directs its strategy to be carbon neutral by 2050. To achieve this, it has been turning the strategy of its investments for several years, prioritizing the construction of renewable generation facilities. In order to diversify its greener mix, investing in all renewable technologies. Offshore wind farms allow produce electricity without emitting GHG, having a carbon management and a competitive advantage over other utilities. Innovation and R&D are important aspects to consider in the construction of such plants. The electrification of the economy is asserted as the only solution to confront both challenges, and in this context we are going to intensify our investments in renewable energies, in energy storage at hydroelectric pumping plants, among others. This types of projects give value to the brand and a stronger competitive advantage. EAST ANGLIA With an installed power capacity of 714 MW, it will provide clean energy to nearly 600,000 British homes from 2020. East Anglia ONE is the largest renewable energy project undertaken by a Spanish company ever, and entails an investment of over 3 billion euros.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Potential financial impact

100

Explanation of financial impact

The potential financial impact it can not be disclosed yet, but it will be 100% of what the inversion was. With an installed power capacity of 714 MW, it will provide clean energy to nearly 600,000 British homes from 2020. East Anglia ONE is the largest renewable energy project undertaken by a Spanish company ever, and entails an investment of over 3 billion euros. It is an opportunity to increase the supply of green energy under guarantee of origin.

Type of opportunity

Efficiency

Primary water-related opportunity

Please select

Company-specific description & strategy to realize opportunity

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

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low-medium

Potential financial impact

500000

Explanation of financial impact

The total budget for the project was 500,000 €. The general objective of the project is to investigate and understand the distribution and degree of evolution of the expansive phenomena in the concrete of dams, due to the development of arid-alkali reactions, to subsequently develop a predictive mathematical model sufficiently reliable to determine and to evaluate the future damages of the concrete, so that the capacity of detection of these anomalies in the hydraulic dams is increased and thus to increase the security and useful life of the same ones.

Type of opportunity

Products and services

Primary water-related opportunity

Please select

Company-specific description & strategy to realize opportunity

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

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Potential financial impact

100

Explanation of financial impact

The financial impact is reached once the R&D project is developed. So we consider 100% of benefits Significant progress made on the Filtraciones Project, with the development of a new methodology for efficiently inspecting water channels.

Type of opportunity

Please select

Primary water-related opportunity

Please select

Company-specific description & strategy to realize opportunity

Estimated timeframe for realization

Please select

Magnitude of potential financial impact

Please select

Potential financial impact

Explanation of financial impact

W5. Facility-level water accounting

W5.1

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

Facility reference number

Facility 1

Facility name (optional)

Villarino de los Aires (Salamanca)

Country/Region

Spain

River basin

Douro

Latitude

41.254418

Longitude

-6.320833

Primary power generation source for your electricity generation at this facility

Hydroelectric

Oil & gas sector business division

<Field Hidden>

Total water withdrawals at this facility (megaliters/year)

9674537.35

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

9674537.35

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

0

Comparison of consumption with previous reporting year

About the same

Please explain

As it is a hydroelectric power station, all the captured water is returned to the source medium, even with the initial conditions improved. Regarding the comparison with what was reported last year does not count, because last year the entire basin of the Douro river was taken as reference, when we are now referring to a single facility, Villarino de los aires, but, during 2017, the total hydroelectric production of IBERDROLA in Spain has remained practically similar to that of 2016.

Facility reference number

Facility 2

Facility name (optional)

Cruachan

Country/Region

United Kingdom of Great Britain and Northern Ireland

River basin

Other, please specify (Lock Awe. ARGYLL AND BUTE)

Latitude

56.406362

Longitude

-5.11549

Primary power generation source for your electricity generation at this facility

Hydroelectric

Oil & gas sector business division

<Field Hidden>

Total water withdrawals at this facility (megaliters/year)

443016.48

Comparison of withdrawals with previous reporting year

Much lower

Total water discharges at this facility (megaliters/year)

443016.48

Comparison of discharges with previous reporting year

Much lower

Total water consumption at this facility (megaliters/year)

0

Comparison of consumption with previous reporting year

About the same

Please explain

In United Kingdom, the electricity demand dropped compared to 2016. In the hydroelectric power plants all the water collected is used to produce electricity and is returned to the environment. The total production of Crauchan hydroelectric power plant during 2017 has been 332 GWh, which is almost half from last year performance

Facility reference number

Facility 3

Facility name (optional)

Teles Pires

Country/Region

Brazil

River basin

Other, please specify (Teles Pires River, Mato Grosso)

Latitude

-9.8307

Longitude

-57.532159

Primary power generation source for your electricity generation at this facility

Hydroelectric

Oil & gas sector business division

<Field Hidden>

Total water withdrawals at this facility (megaliters/year)

31536

Comparison of withdrawals with previous reporting year

This is our first year of measurement

Total water discharges at this facility (megaliters/year)

31536

Comparison of discharges with previous reporting year

This is our first year of measurement

Total water consumption at this facility (megaliters/year)

0

Comparison of consumption with previous reporting year

About the same

Please explain

N/A First year of measurement

Facility reference number

Facility 4

Facility name (optional)

Tamazunchale, San Luis Potosi

Country/Region

Mexico

River basin

Other, please specify (Moctezuma, San Luis Potosí)

Latitude

21.254315

Longitude

-98.790918

Primary power generation source for your electricity generation at this facility

Gas

Oil & gas sector business division

<Field Hidden>

Total water withdrawals at this facility (megaliters/year)

9953.71

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

9611.28

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

342.43

Comparison of consumption with previous reporting year

Much higher

Please explain

During 2017, 7,611.440 megaliters corresponds to evaporated water and 342.43 megaliters were captured for auxiliary processes and services. It is similar of last year data. The water collected has increased by 5.2%, and the water discharged (discharge + steam) has also increased by 5.41%

W5.1a

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

Facility reference number

Facility 1

Facility name

Villarino de los Aires, Salamanca

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

9674537.35

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

0

Comment

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

Facility reference number

Facility 2

Facility name

Cruachan

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

443016.48

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

0

Comment

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

Facility reference number

Facility 3

Facility name

Teles Pires

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

31536

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

0

Comment

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

Facility reference number

Facility 4

Facility name

TAMAZUNCHALE

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

9953.71

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

0

Comment

The Tamazunchale plant is characterized by the fact that all the water withdrawn comes from fresh surface water.

W5.1b

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

Facility reference number

Facility 1

Facility name

Villarino de los Aires

Fresh surface water

9674537.35

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

0

Comment

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

Facility reference number

Facility 2

Facility name

CRUACHAN

Fresh surface water

443016.48

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

0

Comment

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

Facility reference number

Facility 3

Facility name

TELES PIRES

Fresh surface water

31536

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

0

Comment

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

Facility reference number

Facility 4

Facility name

CC TAMAZUNCHALE

Fresh surface water

1999.83

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

0

Comment

The CC Tamazunchale discharges into a reservoir. During 2017, 7,611.440 megaliters corresponds to evaporated water and 342.43 megaliters were captured for auxiliary processes and services

W5.1c

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

Facility reference number

Facility 1

Facility name

Villarino de los Aires

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

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

Facility reference number

Facility 2

Facility name

CRUACHAN

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

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

Facility reference number

Facility 3

Facility name

TELES PIRES

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

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

Facility reference number

Facility 4

Facility name

CC TAMAZUNCHALE

% recycled or reused

Less than 1%

Comparison with previous reporting year

About the same

Please explain

At the Combine Cycle Power Plant Tamazunchale, 342.43 megaliters were captured for auxiliary processes and services during 2017,

W5.1d

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

Water withdrawals – total volumes

% verified

76-100

What standard and methodology was used?

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

Water withdrawals – volume by source

% verified

76-100

What standard and methodology was used?

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

Water withdrawals – quality

% verified

76-100

What standard and methodology was used?

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

Water discharges – total volumes

% verified

76-100

What standard and methodology was used?

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

Water discharges – volume by destination

% verified

76-100

What standard and methodology was used?

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

Water discharges – volume by treatment method

% verified

76-100

What standard and methodology was used?

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

Water discharge quality – quality by standard effluent parameters

% verified

76-100

What standard and methodology was used?

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

Water discharge quality – temperature

% verified

76-100

What standard and methodology was used?

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

Water consumption – total volume

% verified

76-100

What standard and methodology was used?

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

Water recycled/reused

% verified

76-100

What standard and methodology was used?

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

W6. Governance

W6.1

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

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

W6.1a

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

	Scope	Content	Please explain
Row 1	Company-wide	Description of water-related standards for procurement Commitment to stakeholder awareness and education Acknowledgement of the human right to water and sanitation Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to water stewardship and/or collective action Recognition of environmental linkages, for example, due to climate change Description of business dependency on water Description of business impact on water	IBERDROLA has a publicly available company-wide water policy with performance standards for direct operations (also water management) including supplier, procurement and contracting best practice and acknowledges the human right to water and sanitation. The Group has policies of Environment, Sustainability, Biodiversity, among others. The Board of Directors approved all this policies. IBERDROLA commits to promote a social culture focused on promoting awareness-raising among all of its stakeholders the SDG's have been publically included in IBERDROLA Sustainability Policy, including Goals 6 and 14. IBERDROLA entails partnerships continually seeking an innovative development, in different aspects, including projects related to water (question 4.3a) The company is positioned as one of the utilities with the best water productivity by Global 100. Our goal is to maintain this intensity level above 50% during the next five years. IBERDROLA is member of the UN' CEO Water Mandate.

Scope	Content	Please explain
	Description of water-related performance standards for direct operations Commitment to align with public policy initiatives, such as the SDGs	

W6.2

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

Yes

W6.2a

(W6.2a) Identify the position(s) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
<p>Board Chair</p> <p><i>The Corporate Social Responsibility Committee is an internal organ of the Board of Directors, with no executive powers, which was created for informational and consulting purposes and which has powers to inform, advise, and propose within its sphere of activities. These goals are monitored on a half-yearly basis by the group's Corporate Social Responsibility and Reputation Committee, and by the Corporate Social Responsibility Committee of the Board of Directors when the latter so requests. This Committee, which was established in October 19, 2010, is governed by the provisions of article 41 of the By-Laws, of article 34 of the Regulations of the Board of Directors and by the Regulations of the Corporate Social Responsibility Committee https://www.iberdrola.com/corporate-governance/board-directors/responsibility-committee</i></p>	<p>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.</p>

W6.2b

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

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	<p>Scheduled - some meetings</p> <p><i>The Board of Directors will meet as often as the Chairman deems appropriate, but at least eight times a year, with at least one session held each calendar quarter. During 2017, there were 8 meetings, were all its member were present. (page 57 of https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/ActivitiesReportBoardDirectors.pdf) The Corporate Social Responsibility Committee is an internal organ of the Board of Directors, with no executive powers, which was created for informational and consulting purposes and which has powers to inform, advise, and propose within its sphere of activities</i></p>	<p>Monitoring implementation and performance</p> <p>Overseeing acquisitions and divestiture</p> <p>Overseeing major capital expenditures</p> <p>Providing employee incentives</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Setting performance objectives</p> <p>Reviewing and guiding corporate</p>	<p>The chairman of the Board of Directors will decide on the agenda for the session. The Board of Directors will develop its functions seeking to maximize the social dividend, conceived as the creation of sustainable value for all the stakeholders that are affected by the activities of the Group, through the development of their businesses, the impulse of the business communities in the that the Society participates, the promotion of equality and justice, the promotion of innovation and care for the environment, leadership in the fight against change climate, among others. Also, The Board of Directors, establishes the policies and general strategies of the Company and the Group, approves the strategic or business plan, as well as the management objectives and annual budgets, the policy of investments and financing, the corporate responsibility policy and the policy of remuneration of the</p>

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
		responsibility strategy Reviewing innovation/R&D priorities	shareholder and establishes the policy of control and management of risks, including environmental and water-related ones, as well as the supervision of the internal information and control systems. The CSR Committee review, prior to its approval by the Board of Directors, the sustainability report, where information relevant to matters related to water is collected, as it is governed by the GRI 303 standard. The scope of corporate social responsibility and sustainability includes the contribution of the Group to sustainable development, respect for the environment and the environment.

W6.3

(W6.3) Below board level, provide the highest-level management position(s) or committee(s) with responsibility for water-related issues.

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

Chief Sustainability Officer (CSO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The CSR Committee is part of the Board of Directors. They meet a minimum of eight times during the year. Between key issues treated in 2017 it is worth highlighting the one to "ensure that variable remuneration promotes the sustainability and profitability of the Company over the long term", which includes monitoring of activities, among others, risk management in environmental aspects, including water related issues directly and indirectly with our operations and suppliers. They also monitor the non-financial indicators of the Company's scorecard, linked to Mission, Vision and Values of the Iberdrola group. Our CSO participates in this Committee, when environmental issues are in the agenda. Furthermore, they are responsible for the Review of the Sustainability Report and of the Integrated Report, where information relevant to matters related to water is collected, as it is governed by the GRI 303 standard

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

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

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

W6.5

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

Yes, other

W6.5a

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

We promote relationships geared to the enactment of efficient regulatory provisions allowing the development of a competitive market. To that end, there is a continuous and constructive dialogue where information, knowledge, and opinions are exchanged. IBERDROLA is thus acquainted with the concerns and proposals of regulatory entities and puts forward the Company's own opinions in the legitimate defense of its interests and those of its shareholders, customers, and users

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

IBERDROLA is integrating United Nations Sustainable Goals in its strategy, including number 6 ("Clean Water and Sanitation") and number 14 (Life below water). For IBERDROLA, the environmental dimension of its activities is a necessary baseline for the formulation of its Strategic Plan and the operational planning of 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).

W7. Business strategy

W7.1

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	IBERDROLA is positioned as one of the utilities with the best water productivity (revenues/water used), and the objective is maintain this rate above 50%, at least, until 2030, when the 2030 Agenda will be evaluated. IBERDROLA's plan until 2030, includes actions like ensuring availability and sustainable management of water and sanitation for all. The substitution of less efficient conventional thermal (coal and oil-fired) technologies with renewable energies and combined cycles is going to be the pathway to lead a decrease in water consumption per GWh.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	Aspects that have influenced the strategy: IBERDROLA is aware of the new international energy scene, which is characterized by the need to guarantee a competitive, safe and sustainable supply. In this context, clean technologies are decisive to fight against climate change and minimize dependence on fossil fuel. By 2030, IBERDROLA's commitment is to reduce 50% of CO2 emissions from the 2007 baseline, and to achieve this objective, the Company is aware that environmental management, including water-related issues, is one of the most important pillars in the Company's businesses.
Financial planning	Yes, water-related issues are integrated	11-15	Investment in renewables from 2018 to 2022 corresponds to 37% of the total investment (€ 32,000M). The Company's own decarbonization strategy for 2030 and 2050 points to a continuation in this line and in the development of renewable projects, including Offshore.

W7.2

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

	Water-related CAPEX (+/- % change)	Anticipated forward trend for CAPEX (+/- % change)	Water-related OPEX (+/- % change)	Anticipated forward trend for OPEX (+/- % change)	Please explain
Row 1	163	0	2620	0	CAPEX: During 2016, nothing was invested in treatment equipment, due to a large outlay during 2015, however, in 2017, the purchase adds up to a total of 28 million €. In turn, investments in spill prevention have decreased by 36% compared to the previous year, although the amount allocated to new hydraulic generation amounts to more than 171 million € (135% more than 2016) OPEX: the significant increase in this value is mainly due to the costs derived from causes such as spills, and other cleaning incidents and investment in improving the water quality testing and equipments for a better maintenance.

W7.3

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

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Business strategy: The highest level of responsibility for Climate Change within IBERDROLA sits with the Board of Directors of the Company. The Board of Directors oversees a corporate Governance system that sets out clear responsibility over policies, including Policy tackling Climate Change, Biodiversity, Environmental and Sustainability ones. Focused on the GHG emissions reduction, IBERDROLA has developed electrical energy by renewable sources and introduced in the current facilities the most efficient and less intensive-carbon technologies. IBERDROLA is aware of the new international energy scene, which is characterized by the need of guarantee a competitive, secure and sustainable supply. In this context clean technologies are decisive for fighting against climate change and minimize the dependence on carbon fossil fuel. As long term, IBERDROLA is committed to maintain its position as one of the leading European companies with fewer fewer CO2 emissions per GWh produced.

W7.3a

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

Yes

W7.3b

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

	Climate-related scenario(s)	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	IEA Sustainable Development Scenario Other, please specify (IPCC RCP 8.5 and IEA NPS)	<p>We are facing a real water crisis that can only be solved with the sustainable consumption, promotion of clean energies, optimisation of production processes and the use of recycled water. Water is becoming a critical resource for society, economy and the environment, and its availability will be affected by climate change extreme weather events.</p> <p>In 2015, the United Nations (UN) warned that Earth will have a 40% water deficit by 2030 if it cannot manage to change its current consumption habits. Despite the progress made in relation to responsible use and improvement of the infrastructures of this natural resource, demographic growth is still a huge challenge, in which society, governments and companies must collaborate to achieve the necessary results.</p>	<p>It is vital to raise the awareness on the need to efficiently manage water resources, guaranteeing their quality and preventing their degradation, with the purpose of not putting at a risk their availability in the future. Once the most significant risks have been identified, 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. In line with the SDGs, IBERDROLA performs comprehensive controls on the specific use and consumption of this resource. Also, 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 a reduction in environmental risks (water related included), improvement in the management of resources, and optimisation of investments and costs.</p>

W7.4

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

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

The Company do not have an internal water price as such, but we have carried out some studies and ecosystem assessments. We consider fresh water as an ecosystem service that generates a resource, and its provision consists in the regulation of the flow and availability of water and in the purification of it. Ecosystems play a crucial role in the global hydrological cycle, and in our facilities in particular, influencing the total amount

of water available, its regulation (seasonality, variations in availability throughout the year) and purification (quality, purity biological, sediment load ...). Ecosystems, can slow the flow of running water, modulating and regulating the availability of water after rainfall. Likewise, the passage of water through the soil, or its permanence in shallow wetlands can have a profound impact on its quality by purifying it of organic/inorganic contaminants. All these factors would be taken into account when establishing an internal water price.

W8. Targets

W8.1

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

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Site/facility specific targets and/or goals Brand/product specific targets and/or goals Country level targets and/or goals Basin specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	IBERDROLA was a pioneer in the digitization applied to the operation of hydroelectric power stations, aware of the importance of monitoring and seeking continuous improvement in the data obtained by the applications used. For example, Spain, where the installed capacity of IBERDROLA corresponding to the Hydroelectric Power Plants represents more than 75% of the world total, is working on a continuous improvement of the control and remote management systems. The META Project (Operation, Remote Control and Automation Improvement Project) deployed, at the end of the 1990s, new automation systems at the IBERDROLA Hydroelectric Power Plants, based on programmable logic controllers (PLCs), and 4 modern Basin Operation Centers, which supported by SCADA systems (Supervisory Control and Data Acquisition), allowed remote operation and detailed analysis of the operation of the facilities. In this way, thanks to the META Project, the closed operation of the facilities was abandoned, so that the more than 9,000 MW of the Hydroelectric Power Plants went to remote control from the Basin Operation Centers. In the coming years, Iberdrola will update the SCADA systems of its Basin Operation Centers in order to equip them with the latest advances available and incorporate the experience acquired in the more than 20 years of use of these technological solutions.

W8.1a

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

Target reference number

Target 1

Category of target

Product water intensity

Level

Company-wide

Primary motivation

Commitment to the UN Sustainable Development Goals

Description of target

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

Quantitative metric

% reduction per revenue

Baseline year

2017

Start year

2017

Target year

2023

% achieved

100

Please explain

During 2017, the water used in thermal power generation, has decreased for 949 m³/GWh to 945 m³/GWh, and this small decline is due to two consecutive years of low rainfall, especially in Spain. The efficient management of water resources has become vital for the health of our planet. IBERDROLA Group makes every effort to use water rationally and sustainably and tackle the risks related with its scarcity.

Target reference number

Target 2

Category of target

Supplier engagement

Level

Company-wide

Primary motivation

Recommended sector best practice

Description of target

Water management depends on both operational level and supply chain level. The main reason to monitor and control our supply chain water footprint is the lifecycle driver which we follow within our environmental management. We try to act as reference in water management for contractors and suppliers. There are commitments in the Purchasing area to foster environmental responsibility and to promote strict compliance by suppliers with contractual conditions and current legislation, with emphasis on respect for the principles established in the United Nations Global Compact. At the end of 2017, procurement from suppliers with a certified environmental management system (ISO 14001 or equivalent) represented 80% of all procurement from suppliers of general supplies. Those suppliers with orders during the year that do not have the certification are sent environmental engagement and awareness-raising communications to move forward in this area and commence implementation or certification.

Quantitative metric

Please select

Baseline year

2005

Start year

2005

Target year

2018

% achieved

100

Please explain

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

Target reference number

Target 3

Category of target

Water use efficiency

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Decrease water consumption at offices and control facilities. The consumption decreased from 409,054 m3 in 2016 to 684,448 m3 in 2017

Quantitative metric

Other, please specify (Water consumption)

Baseline year

2013

Start year

2013

Target year

2019

% achieved

100

Please explain

Action taken by IBERDROLA for a more sustainable use of water: Conducting awareness-raising campaigns to achieve a more efficient and responsible use of sanitary water by employees at offices.

W8.1b

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

Goal

Watershed remediation and habitat restoration, ecosystem preservation

Level

Site/facility

Motivation

Climate change adaptation and mitigation strategies

Description of goal

Prevent potential impacts on fauna located downriver of reservoirs.

Baseline year

2017

Start year

2017

End year

2020

Progress

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

Goal

Watershed remediation and habitat restoration, ecosystem preservation

Level

Site/facility

Motivation

Climate change adaptation and mitigation strategies

Description of goal

Avoid levels that are harmful to ichthyofauna.

Baseline year

2017

Start year

2017

End year

2020

Progress

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

Goal

Watershed remediation and habitat restoration, ecosystem preservation

Level

Business activity

Motivation

Climate change adaptation and mitigation strategies

Description of goal

To reduce the impact on biodiversity and ecosystem services.

Baseline year

2017

Start year

2017

End year

2020

Progress

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

Goal

Reduce environmental impact of product in use phase

Level

Site/facility

Motivation

Reduced environmental impact

Description of goal

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

Baseline year

2017

Start year

2017

End year

2030

Progress

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

Goal

Reduce environmental impact of product in use phase

Level

Business activity

Motivation

Commitment to the UN Sustainable Development Goals

Description of goal

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

Baseline year

2017

Start year

2017

End year

2030

Progress

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

Goal

Promotion of water data transparency

Level

Company-wide

Motivation

Brand value protection

Description of goal

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

Baseline year

2006

Start year

2006

End year

2030

Progress

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

Goal

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

Level

Business activity

Motivation

Shared value

Description of goal

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

Baseline year

2015

Start year

2015

End year

2030

Progress

IBERDROLA has joined the challenge of achieving the objectives of Sustainable Development Goals (SDGs), including Goal 6: Clean water and sanitation. installation of systems for capturing and storing rainwater for human consumption in the area around the Caetité windfarm in inland Bahia (Brazil). This initiative supplied water to over 3,300 homes that didn't have no connection to the general water system, and no access to any type of storage resource. IBERDROLA and NEOENERGIA worked on this project with the Brazilian Ministry for Social Development and the Fight against Hunger (MDS) as part of the Water for All programme.

Goal

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

Level

Company-wide

Motivation

Recommended sector best practice

Description of goal

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

Baseline year

2017

Start year

2017

End year

2030

Progress

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

Goal

Other, please specify (Environmental Management System)

Level

Company-wide

Motivation

Risk mitigation

Description of goal

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

Baseline year

2006

Start year

2006

End year

2030

Progress

In 2017, 80 % of the Group's energy production is subject to management systems under the UNE-EN ISO 14001 and UNE-EN ISO 9001 standards.

Goal

Engaging with customers to help them minimize product impacts

Level

Company-wide

Motivation

Recommended sector best practice

Description of goal

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

Baseline year

2013

Start year

2013

End year

2018

Progress

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

W9. Linkages and trade-offs

W9.1

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

Yes

W9.1a

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

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Decreased wastewater treatment

Description of linkage/tradeoff

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

Policy or action

Capturation of sanitation wastewater for all processes

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Environmental restoration

Description of linkage/tradeoff

The European CO2FORMARE project, endowed with more than 4 million euros of budget, aims to demonstrate that the use of CO2 from thermal power plants can be an efficient substitute for the chlorinated chemicals currently used to control macrofouling. The macrofouling is the fouling of the refrigeration systems of power plants caused by molluscs -such as mussels or the like-. The larvae of these organisms are fixed on these structures of iron or steel and as they grow they cause the obstruction of the systems, thus preventing the circulation of the water necessary for the proper functioning of the facilities.

Policy or action

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

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Increased energy efficiency

Description of linkage/tradeoff

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

Policy or action

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

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Increased biodiversity

Description of linkage/tradeoff

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

Policy or action

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

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Environmental restoration

Description of linkage/tradeoff

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

Policy or action

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

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Increased biodiversity

Description of linkage/tradeoff

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

Policy or action

Minimize the impact on biodiversity and ecosystem services.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Increased biodiversity

Description of linkage/tradeoff

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

Policy or action

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

W10. Verification

W10.1

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

Yes

[Aenor certification.pdf](#)

W10.1a

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

Disclosure module	Data verified	Verification standard	Please explain
W1. Current state	The company's sustainability reports are available to all users in the Shareholders and Investors section.	AA1000AS	The Sustainability Report that IBERDROLA publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W2. Business impacts	The company's sustainability reports are available to all users in the Shareholders and Investors section. Iberdrola has been	AA1000AS	The Sustainability Report that IBERDROLA publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with

Disclosure module	Data verified	Verification standard	Please explain
	continuously applying Assurance Standard AA1000 for the last eleven years.		the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W3. Procedures	The company's sustainability reports are available to all users in the Shareholders and Investors section. Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years.	AA1000AS	The Sustainability Report that IBERDROLA publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W4. Risks and opportunities	The company's sustainability reports are available to all users in the Shareholders and Investors section. Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years.	AA1000AS	The Sustainability Report that IBERDROLA publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W6. Governance	The company's sustainability reports are available to all users in the Shareholders and Investors section. Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years.	AA1000AS	The Sustainability Report that IBERDROLA publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.
W7. Strategy	The company's sustainability reports are available to all users in the Shareholders and Investors section. Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years.	AA1000AS	The Sustainability Report that IBERDROLA publishes annually presents comprehensive information regarding the Group's performance in the economic, environmental, social, and corporate governance dimensions. IBERDROLA prepares these reports in accordance with the consolidated set of GRI Standards for sustainability reporting and the Supplement for Electrical Sector companies, both from Global Reporting Initiative (GRI), as well as the AA1000 standard, and subjects them to an independent external verification according to ISAE 3000.

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

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W11.1

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

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

W11.2

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

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm below

I have read and accept the applicable Terms