



Luxembourg, 24th September 2024

## Environmental and Social Data Sheet

### Overview

**Project Name:** IBERDROLA DIGITAL AND ENERGY INNOVATION

**Project Number:** 2024-0014

**Country:** Spain

#### Project Description:

The project is an investment programme of selected investments in Research, Development and Innovation (RDI) in the promoter's strategic business areas over the period 2024-2027. The programme will focus on innovative client solutions, cybersecurity and automation, new technologies for electricity networks as well as technology developments in the field of renewable energy.

**EIA required:** no

**Project included in Carbon Footprint Exercise<sup>1</sup>:** no

### Environmental and Social Assessment

#### Environmental Assessment

The proposed investments will take place inside facilities already being used for similar R&D activities without changing their already authorised scope, and/or they are studies, research, development of new tools, solutions or pilots that do not involve the construction of a new facility in the scope of this EIB investment programme.

The project activities are not specifically covered by Annexes I or II of the EU Directive 2011/92/EU as amended by Directive 2014/52/EU and therefore not subject to an Environmental Impact Assessment procedure.

The Bank will require as ongoing undertaking in the Finance contract that the Promoter shall ensure that the Project does not include any capex investments in physical assets requiring an Environmental Impact Assessment, nor environmental permits neither cumulative effect studies.

The outcome of the R&D project is expected to have positive impact on the environment, improving the environmental performance of the promoter through the deployment of renewable energies, pilots and innovative digitalization schemes, which will ultimately lead to an increase of market uptake of carbon-free products and services by retail customers.

Reducing the environmental impact of its operations - such as the generation of energy with renewable energy sources, the commencement of biodiversity programmes, efficiency in operations, which entails a sustainable use of natural resources, the prevention of pollution, and the appropriate management of waste generated by activities - is part of the Group's declared strategy. The Group also attempts to make a rational and sustainable use of water and to manage the risks associated with its scarcity.

<sup>1</sup> Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.



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The promoter has a Global Environmental Management System implemented in accordance to UNE-EN ISO 14001:2004 standard, certified by the Spanish Standardisation and Certification Association (AENOR) enabling environmental risks to be minimised. The certification applies to all activities of generation, transmission, distribution and sales of electricity, as well as for distribution and sale of gas in Spain.

### **EIB Paris Alignment for Counterparties (PATH) Framework**

- The counterparty Iberdrola S.A. is in scope and screened in the PATH framework, because it is considered high emitting (having more than 20% of annual consolidated revenues in high-emitting sectors) and screened out in resilience requirements (physical risk factor of 2.50, which is lower than 3.0). It is not engaged in incompatible activities.
- The counterparty already meets the requirements of the EIB PATH framework with its existing alignment plan. Iberdrola S.A. has a decarbonisation plan that has been assessed by and is aligned with the SBTi scenario (1.5°C by 2030) and these plans are public.
- The counterparty is deemed to meet the requirements of the PATH framework. No further action is required from the counterparty.

### **Social Assessment**

The Group continuously strengthens its commitment in the area of social responsibility in all of the countries in which it does business, comprising its customers, employees, and suppliers, promoting mechanisms for dialogue and communication and taking measures to facilitate economic and social development, as well as fostering employment and supply chain policies.

In 2021, a potential risk affecting the entire photovoltaic value chain was identified related to allegations of possible forced labour in the Xinjiang region of China in connection with polysilicon producers supplying polysilicon to solar module manufacturers. Since then, Iberdrola has made additional efforts with all its suppliers potentially exposed to this risk to insist on scrupulous compliance with the Suppliers' Code of Ethics of the Iberdrola group. To this end, Iberdrola has successfully required the **inclusion of specific clauses to mitigate the risks of forced labour or modern slavery for all affected suppliers** with which it has signed supply contracts. Furthermore, the necessary clauses have been included in PV module supply contracts to allow for the right to conduct social, sustainability and traceability audits of both module manufacturers and third parties in their supply chains to ensure the quality and traceability of components. The Iberdrola group also actively participates, along with the manufacturers themselves, in the main industry-led initiatives, such as Solar Power Europe and WindEurope, with the aim of establishing common standards and tools that allow objective evidence to be obtained that human rights have been respected throughout the process of manufacturing the equipment used in these projects.

The effective integration of sustainability in Iberdrola's supply chain, which promotes interaction with suppliers in a continuous and transparent manner, has been externally recognised through **ISO 20400:2017 certification**.

### **Other Environmental and Social Aspects**

**Iberdrola's environmental management system** is rooted in international procedures and standards that are audited by prestigious independent agencies. The company currently holds the following environmental certifications:

- ISO 14001-2015. This standard covers activities consisting of the product generation, transmission, distribution and marketing, office management and general services. In particular, more than 80% of its energy was generated at certified facilities in 2023.



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- Eco-Management and Audit Scheme (EMAS). The group's thermal power generation plants hold certificates under this standard. ISO 14064-2018. Iberdrola verifies its greenhouse gas emissions under this standard.
- ISO TS 14072-2014 under which Iberdrola verifies its Corporate Environmental Footprint.
- ISO 20121. Sustainable Event Management. Under this standard, Iberdrola certifies the most important events for shareholders and investors, i.e. the General Shareholders' Meeting, presentations of results and Investor Day.

As Iberdrola's subholding company, Iberdrola España shares the culture of improvement in the management of all processes and activities through the highest standards of quality. And it supports its commitment with the quality organisations in the countries where it operates, and its joint programme aimed at driving the excellence of its suppliers.

### **Conclusions and Recommendations**

The proposed investments will take place in facilities already being used for similar R&D activities without changing their already authorised scope, and/or they are studies, research, development of new tools, solutions or pilots that do not involve the construction of a new facility in the scope of this EIB investment programme.

The project activities are not specifically covered by Annexes I or II of the EU Directive 2011/92/EU as amended by Directive 2014/52/EU and therefore not subject to an Environmental Impact Assessment procedure.

The Bank will require as ongoing undertaking in the Finance contract that the Promoter shall ensure that the Project does not include any capex investments in physical assets requiring an Environmental Impact Assessment, nor environmental permits neither cumulative effect studies.

The outcome of the R&D project is expected to have positive impact on the environment, improving the environmental performance of the promoter through the deployment of renewable energies, pilots and innovative digitalization schemes, which will ultimately lead to an increase of market uptake of carbon-free products and services by retail customers.

In the light of the above, the project is eligible for the Bank's financing from the environmental point of view.