

## Iberdrola

Engage, collaborate and  
influence change



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For more than a decade, Europe's second largest power firm Iberdrola has taken an active role in climate-related advocacy. One of the world's first companies to set a climate target in line with Net Zero, the \$40-plus billion revenue multinational utility is a perennial contributor to public consultations and policy debates. Its engagement spans from international summits (it is a regular sponsor of the annual United Nations climate summit) to national enclaves (it vocally supported Spain's recently launched Integrated National Energy and Climate Plan 2021-2030). Most recently, it has advocated strongly both in Madrid and Brussels for the European Commission's 'Green Deal' recovery package, which commits Europe to becoming a Net Zero continent by 2050.

*"We are convinced that advocacy is the only way to move forward at the pace we need to collectively achieve Net Zero."*

### The power of the possible

Iberdrola's commitment to advocacy is driven by two twin factors that might be described as the "possible" and the "necessary". The first relates to recent advances in clean technology, particularly in Iberdrola's specialist area of renewable power. Huge gains in efficiency and affordability now make a Net Zero power sector a very real possibility. However, realizing this potential will require major reforms to the existing policy framework given its historic orientation towards fossil fuels. The second factor connects to the ambition required to reach Net Zero. Aspirational government climate targets have the effect of raising overall expectations and galvanizing action among individuals and organizations across society.

*"We have the tech, the finance and the resources to reach Net Zero. What we're still missing are the policies to really make it happen."*

### Challenge: politicisation of climate policy

As near-universal as the consensus in climate science now is, climate policy remains a fragmented and sometimes bitterly fought affair. Change, of course, is always difficult. To complicate matters further, today's fossil-fuel economy still works for many established players. Efforts to advance a Net Zero future are therefore invariably met with opposition from vested interest groups. This leads not only to policy discord, but also to a spirit of distrust. In this highly politicised context, efforts by companies to engage in climate advocacy are often viewed with scepticism by both politicians and the wider public. This can be true even for businesses actively supporting greater climate action.

*"The most effective way to cut through the politics of climate change is to focus on the science. That's the only real route to agreement and progress."*

### Action: internal positioning

Successful external advocacy starts with coherent internal alignment. For this reason, Iberdrola seeks to continuously remain at the vanguard of climate leadership, both with respect to policy-setting and practical action. Its investment plan for 2018-2022 provides a case in point. Over this four-year period, Iberdrola plans to invest €13.3 billion in renewable technology, thus continuing its rapid transition away from carbon-emitting assets (two-thirds of its portfolio are zero carbon emitting). An investment programme on this scale conveys the message that its backing for ambitious climate policies, such as the Paris Agreement, is serious and sustained. This, in turn, opens doors to making its voice heard. Back in 2018, for instance, its progressive positioning on climate saw it invited as one of only half-a-dozen companies to join the UN's Talanoa Dialogue at a technical and C-suite level – a process aimed at promoting cooperative approaches on climate action and advancing countries' Nationally Determined Contributions under the Paris Agreement.

*“The first question a politician is going to ask is, ‘what are you doing to combat climate change?’ If you want the conversation to get any further, it is imperative to have a credible answer.”*

## Speaking collectively

Iberdrola integrates climate issues into all its bilateral discussions with policy makers, yet it also strives to work with others wherever possible. Such collaboration amplifies its voice and strongly communicates the pan-industry support for the net zero measures that it advocates. The Spanish utility is consequently an active member of multiple sustainability-oriented coalitions, including the likes of CLG Europe, the EV100 initiative and the Climate Group. Iberdrola's policy of collaborative advocacy is clearly seen in the vocal backing it gave to the UN Global Compact's Business Ambition 1.5°C declaration. The initiative, which commits companies to adopt science-based net zero targets, has generated more than 1,000 corporate signatories since its launch at the Climate Action Summit in September 2019. Iberdrola is also committed to using its membership of business associations that remain unconvinced by the need to act urgently on the net zero agenda to engage and raise ambition in those groups.

*“We have to participate in all kinds of different alliances. Our role in each is different, but our commitment to lead with the science and push for greater climate remains the same.”*

## Post pandemic recovery

Covid-19 has hit the global business community hard. As policy makers consider how to respond to the pandemic's ongoing impacts and to the challenge of 'building back better', the opportunity exists for progressive companies to make the case for a recovery strategy that prioritises net zero. This is the context for Iberdrola's above-mentioned support for the European Green Deal, which is being undertaken in large part through the European Corporate Leaders Group and, in Spain, the business-led Spanish Green growth Platform. This support also implies a commitment to radically transform Europe's power system, among other policy-led reforms. That said, the company is conscious that climate action is just one piece of the recovery puzzle. It is also crucial, therefore, that its climate advocacy is framed within a wider political agenda that incorporates policy concerns, such as green jobs, inclusion and social justice.

*“Politicians have a lot on their plate, so it’s very important to show how action on climate change contributes to solving other policy priorities.”*