Stakeholder Engagement Policy

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The Board of Directors of IBERDROLA, S.A. (the “Company”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”).

The By-Laws, the Purpose and Values of the Iberdrola group, the General Sustainable Development Policy and the other corporate policies express the Company’s focus on the creation of shared sustainable value for the Stakeholders related to its business activity and its institutional reality, in accordance with the commitments made in the Code of Ethics.

It is not possible to achieve the social interest and develop a responsible and sustainable business model without the strong engagement of the Company’s Stakeholders, which are defined as those groups and entities whose decisions and opinions have an influence thereon and who, at the same time, are affected by the Group’s activities.

The Company makes the commitment to involve all of its Stakeholders in the social dividend generated by its activities, whether directly or in cooperation with entities in the nature of foundations linked to the Group, which dividend is understood as the sustainable contribution of value, including the advancement of business communities which the Company participates in and leads, both from the economic viewpoint and from the perspective of business ethics, the promotion of diversity, equality, inclusion, the sense of belonging, and justice, and the encouragement of innovation and protection of the environment through the generation of quality employment that ensures equal opportunity and non-discrimination in people management, as well as leadership in the fight against climate change.

This social dividend measures the direct, indirect and induced impacts of the Company’s activities included in the company object for all of its Stakeholders in the economic, social and environmental areas, and particularly its contribution to the achievement of the Sustainable Development Goals (“SDGs”) approved by the United Nations.

The Company’s Stakeholders also have a leading role in corporate reputation, which is understood as their set of perceptions regarding the company. These perceptions are quite important, as they determine the decisions of the Stakeholders to invest, purchase or make recommendations, which directly affect the long-term sustainability of a company.

In line with the foregoing, one of the main principles of the Reputational Risk Framework Policy is to proactively manage the Company’s Stakeholders in order to include their expectations within the Group’s management and to mitigate the related risks, all through the Global Stakeholder Engagement Model of the Iberdrola Group (the “Global Engagement Model”).

Furthermore, appropriate management of the Company’s Stakeholders decisively contributes to the achievement of the purpose of the Policy on Respect for Human Rights, which is to formalise the Group’s commitment to the human rights recognised under domestic and international law and to define the general principles that the Group will apply for due diligence in the human rights area.

In fulfilling these responsibilities, and within the framework of the law and the By-Laws and the guidelines for conduct that take shape in the Purpose and Values of the Iberdrola group, the Board of Directors hereby approves this Stakeholder Engagement Policy (the “Policy”).

1. Purpose

The purpose of this Policy is to establish the general framework for the Group’s relations with its Stakeholders in all of its activities and operations, in order to:

(i) continue encouraging the engagement of the Stakeholders in the Company’s business enterprise through a strategy of strong involvement in the communities in which it operates and the creation of shared sustainable value for all of them;

(ii) continue responding to the legitimate interests of the Stakeholders with which the Company interacts;

(iii) continue building trust among the Stakeholders in order to build long-lasting, stable and robust relationships;

(iv) encourage the recognition by all of its Stakeholders of the Company’s commitment to diversity in the broad sense, particularly in all matters regarding the professional development of their members; and

(v) contribute through all of the above to maintaining the corporate reputation in the various countries and businesses in which the Company does business.

Notwithstanding the foregoing, the Board of Directors may approve other corporate policies addressing specific Stakeholders.

2. Scope of Application

This Policy applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this Policy and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this Policy does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company. This Policy shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (uniones temporales de empresas) and other equivalent associations, if the Company assumes the management thereof.

The contents of this Policy must also govern the conduct of entities in the nature of foundations linked to the Group.
3. The Company’s Stakeholders

The value chain made up of the activities carried out by the Company means that its Stakeholders are quite numerous. Therefore, for purposes of this Policy, the Stakeholders are grouped into the following categories:

- Workforce.
- Shareholders and the financial community.
- Regulatory entities.
- Customers.
- Suppliers.
- The media.
- Society at large.
- The environment.

These Stakeholders are in turn divided into other categories, the Sub-stakeholders, made up of various groups and entities, which allows the management of the relationships to be adjusted to specific and local realities, needs and expectations, in many cases relating to the Group’s facilities.

4. Basic Principles

The Group accepts and promotes the following basic principles to engage and establish relations of trust with its Stakeholders:

a. Responsibility: act responsibly and build relationships based on ethics, integrity, sustainable development, and respect for human rights and the communities affected by the various activities of the Group.

b. Transparency: ensure transparency in relationships, and in financial and non-financial communications, sharing truthful, sufficient, relevant, complete, clear, reliable and useful information.

c. Active listening: practice active listening, encouraging bi-directional and effective communication as well as direct, fluid, constructive, diverse, inclusive and intercultural dialogue.

d. Participation and engagement: encourage the participation and engagement of the Stakeholders in all of the Company’s activities, promoting voluntary consultation processes or similar channels of interaction in application of the law of each country, and especially in the planning, construction, operation and decommissioning of the Group’s power projects.

e. Consensus: work towards consensus with the Stakeholders, especially with local communities and indigenous populations, taking their viewpoints and expectations into consideration.

f. Collaboration: promote collaboration with the Stakeholders, in order to contribute to compliance with the Purpose and Values of the Iberdrola group and the achievement of the SDGs.

g. Continuous improvement: seek continuous improvement, regularly reviewing Stakeholder engagement mechanisms to ensure that they respond in the most efficient way possible to the needs of each moment.

5. Responsibilities in the Management of Stakeholder Engagement

From the corporate governance standpoint, the Board of Directors is vested with the power to approve and supervise the general strategy on engagement with the Company’s Stakeholders, endeavouring to ensure the proper coordination thereof at the Group level.

To this end, the Corporate Social Responsibility and Analysis Division, through the Stakeholder and Reputation Unit, galvanises and coordinates the actions required to comply with this Policy and with the Global Engagement Model, as well as to promote best practices in this area.

Pursuant to the Group’s organisational structure, inspired by the principle of subsidiarity, the country subholding companies and the head of business companies, within their purviews, are responsible for implementing the strategy regarding Stakeholder engagement and the Global Engagement Model, as well as maintaining direct discussion and dialogue with their various Stakeholders, especially those who act within the environment of the facilities of the Group’s businesses. For all of the foregoing reasons, the country subholding companies and the head of business companies shall be endowed with the resources and structure necessary for them to carry out these activities.

Country subholding companies may also entrust to entities in the nature of foundations with which they have agreements the implementation of general interest and sustainable development activities previously defined by the Company and by said country subholding companies, which contributes to improving relations and dialogue with the Stakeholders of the Company, under the coordination of the Foundations Committee of the Iberdrola Group, and without prejudice to the autonomy and independence of said entities in the nature of foundations to achieve their purposes.

6. Global Stakeholder Engagement Model

In 2016, the Company approved the Global Engagement Model based on the International AA1000 AccountAbility standard, among other things, to comply with this Policy.
The **Global Engagement Model**, which is implemented throughout the Group using a shared digital application, contains the principles and provides the guidelines that, on the one hand, ensure that the Company’s Stakeholder engagement is homogeneous while respecting the particularities of each country and business, and on the other, establish the mechanisms required to ensure that the Stakeholders have sufficient capacity to engage with the Group.

The main characteristics of the **Global Engagement Model** are the following:

a. It is a guide to perform the segmentation of the Stakeholders, the identification of Sub-stakeholders, and the prioritisation of the latter, based on the Group’s impact and ability to influence them, as well as their impact and ability to influence the Group.

b. It contains the guidelines to ensure that the Stakeholders have sufficient capacity to communicate with the Company, through regular evaluation of the available channels and the characteristics thereof (number, type and frequency of use) by the persons in charge of them. The channels are constantly evolving to adjust to the needs and realities of each moment and to maximise their effectiveness in establishing close, robust and long-lasting relationships.

c. It provides guidelines to identify and prioritise relevant issues (needs and expectations) for each Stakeholder, as well as to identify and manage the risks and opportunities related to these significant issues, all in relation to the Company’s contribution to achieving the SDGs. In the case of risks, their management depends on their evaluation in terms of probability, impact and the existence of related reputational risks.

d. It contains the main guidelines to design and monitor action plans that respond to issues that are significant for the Stakeholders based on an assessment of the risks and opportunities thereof, while improving communication and relations therewith.

e. It allows for knowing the impacts of the actions in relation to the Stakeholders, maximising positive impacts and mitigating those that are negative.

f. It identifies future trends relating to the expectations of the Stakeholders, as well as good practices to be shared throughout the Group.

In order to implement the **Global Engagement Model**, there is a network of persons at each of the country subholding companies in charge of extending and properly applying it. Any Sustainable Development and Reputation Committees created within each of the country subholding companies will also report to the Company’s Corporate Sustainable Development and Reputation Committee on the results achieved.

A global working group called the “Iberdrola Stakeholders’ Hub” and the Company’s Corporate Sustainable Development and Reputation Committee evaluate the implementation of the **Global Engagement Model** and the results of the process.

The results of the Group’s Stakeholder engagement are mainly disclosed through the communication strategy, the corporate website and the presence of the Company and the country subholding companies on social media, as well as the various reporting elements, including the statement of non-financial information and the integrated report.

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This **Policy** was initially approved by the Board of Directors on 17 February 2015 and was last amended on 26 April 2022.