

4.6 Social and Relationship Capital

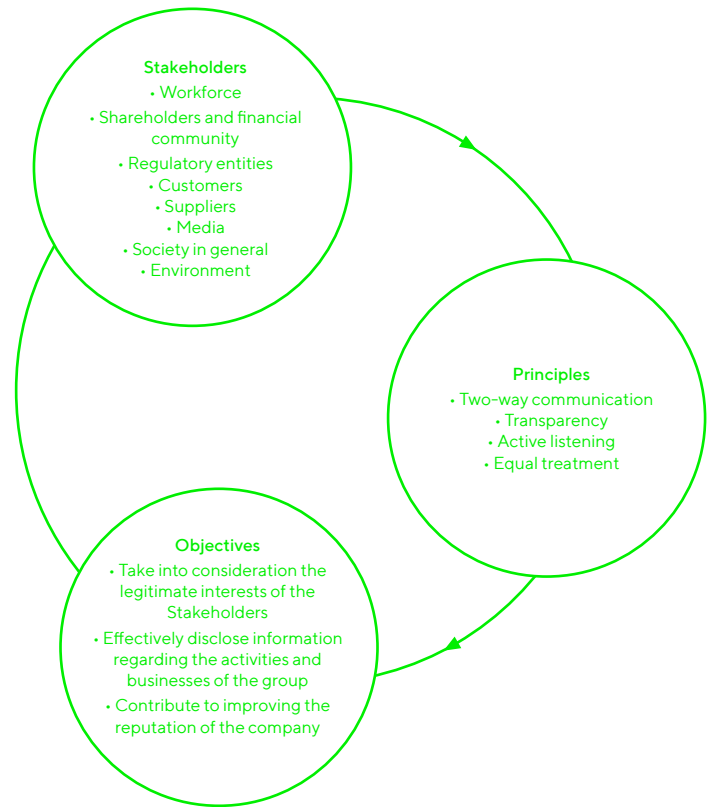
Stakeholder engagement

Iberdrola works to increasingly engage its Stakeholders in all of the company’s activities and operations. Throughout the value chain, Iberdrola interacts with millions of people and thousands of organisations that make up its social and relationship capital, and thus a fundamental element for the sustainable performance of the company.

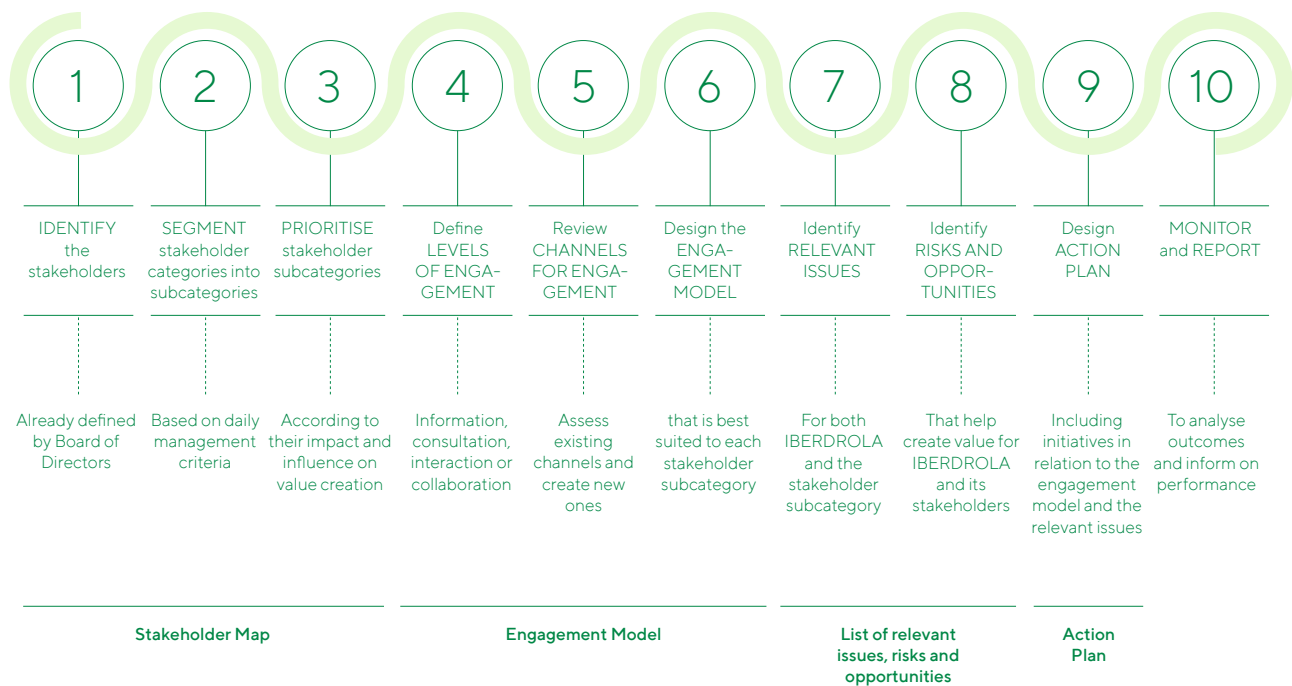
To meet its goals in this area, Iberdrola has a *Global Stakeholder Engagement Model* which, based on the AA1000 Stakeholder Engagement Standard 2015, ensures that all areas and businesses of Iberdrola have an in-depth understanding of their Stakeholders; have suitable channels of communication therewith; analyse their expectations (with the risks and opportunities thereof); and establish appropriate action plans with specific related impacts.

Iberdrola Stakeholders’ Hub

The company has an internal Stakeholder coordination body made up of the parties responsible for all of the Stakeholders and businesses of Iberdrola. This Hub meets periodically, sometimes with the presence of outside experts.



Stakeholder engagement model...



...ensuring continuous improvement

Figures, materiality and good practices

Key figures

Through its *Stakeholder Engagement Model*, Iberdrola has detected:

- 70 categories of sub-stakeholders
- More than 40 different channels of communication, increasingly digital.
- Approximately 130 significant issues in 2018, with numerous related action plans.
- Around thirty emerging trends.

The main issues and trends guide the company in its decisions and form part of Iberdrola’s CSR Plan “Responsible Energy for People”. Issues and trends are also aligned with the latest materiality study performed by an independent firm based on external information sources.

Good Practices

Comparte programme

- Stakeholder group: Workforce
- Area: Global

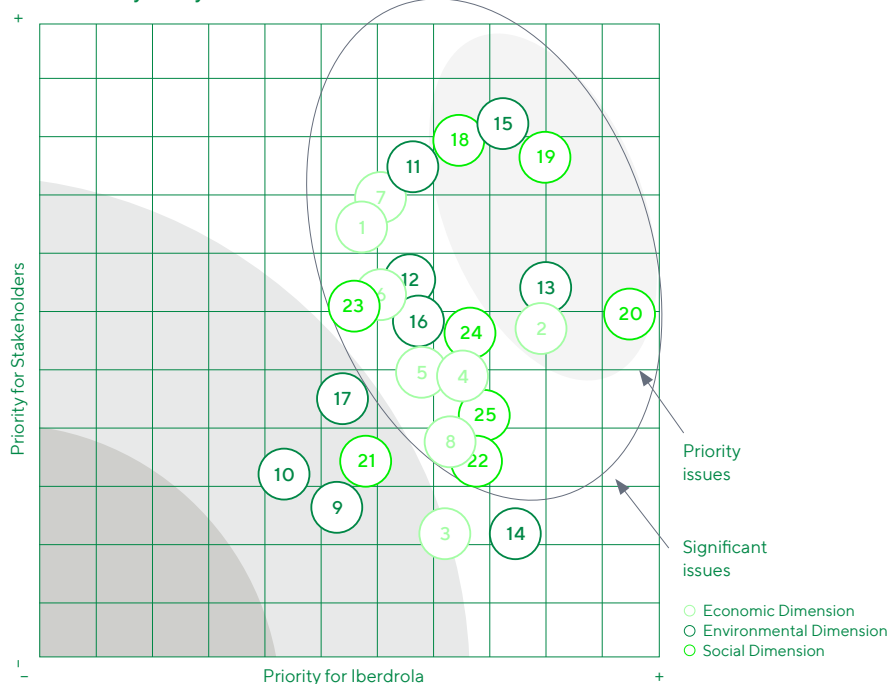
Iberdrola periodically carries out a global internal waterfall communication programme called “Comparte”. The goal is to simply share Iberdrola’s strategic goals and main lines of action, and to answer any questions from the workforce. There were more than 300 meetings of this kind during 2018.

System for real-time communication of incidents

- Stakeholder group: Customers
- Area: Spain and United Kingdom

Iberdrola has integrated the distribution and customer services offices in order to improve real-time information regarding incidents. This is one of the issues of most interest to customers of the company.

Materiality Study 2018



Priority issues

- 19. Diversity and equal opportunity
- 15. Energy transition
- 20. Occupational health and safety
- 18. Customer satisfaction
- 13. Climate change
- 2. Economic and financial performance

Significant issues

- 11. Innovation and new business models
- 7. Smart grids and supply quality
- 1. Socially responsible investment
- 24. Attraction, development and retention of human capital
- 12. Integration of renewable energy within the electric system
- 16. Availability and management of water

- 4. Ethics and integrity (anti-corruption and free competition)
- 6. Public policy
- 25. Connectivity, digitisation and cybersecurity
- 5. Responsible supply chain
- 23. Vulnerable customers
- 22. Human Rights
- 8. Green financing

Other significant issues

- 14. Management of biodiversity
- 21. Impact on local communities
- 3. Transparency
- 17. Environmental safety
- 9. Management of natural capital
- 10. Circular economy

Community support and electricity access programmes

Primary programmes

Activities 2018

- Contribution of €53.5 million to the community in the countries in which Iberdrola operates, measured according to the *London Benchmarking Group* (LBG) international standard.
- *International corporate volunteering programme*, offering various volunteering opportunities to employees in Spain, the United Kingdom, the United States, Brazil and Mexico.
- Entrepreneurial support: over €42 million of procurement from companies in operation for less than 5 years, and €70 million in venture capital for new initiatives with high technological value.
- Specific programmes and pricing for vulnerable groups in Spain, the United Kingdom, the United States and Brazil.
- Rural electrification programmes in Brazil, to which approximately €190 million has been allocated.
- Programmes implemented by the foundations created by Iberdrola in the principal countries in which it operates.
- Development of the *Electricity for All* programme.

Electricity for All

- The SDGs recognise energy as an engine for sustainable development.
- The *Electricity for All* programme is Iberdrola’s response to the demand to extend universal access to modern forms of energy, with environmentally sustainable, financially affordable and socially inclusive models. This initiative is focused on sustainable electrification activities in emerging and developing countries.
- Iberdrola has set itself the goal of reaching 16 million beneficiaries of this programme by 2030. At year-end 2018, the programme had reached 5.4 million users.

Foundations of the Iberdrola group

Activities 2018

- Iberdrola has strengthened the operation of its foundations in Spain, the United Kingdom, the United States, Brazil and Mexico.
- Overall investment dedicated to activities in all countries in 2018 increased to a total of €10.2 million.
- A new *Master Plan* has been prepared for the 2018-2021 period, in order to contribute to sustainable development.

• The industry areas have been consolidated, but prioritising the impact on the specific targets of the SDGs.

• In the Training area, there is strengthening of the promotion of equal opportunities through the *Social Assistance* programme, with 249 beneficiaries.

• In Art and Culture, there are three major programmes:

– Lighting: The most significant have been Morgan, Hilles, Austin and Wadsworth Galleries (United States), MUNAL Museum Rooms (Mexico), Uclés Monastery (Spain) and Cinco Pontas Fort (Brazil).

– Restoration: Includes the altarpiece of the Cuenca Cathedral and the three flags of Saigon of the Naval Museum of Madrid in Spain.

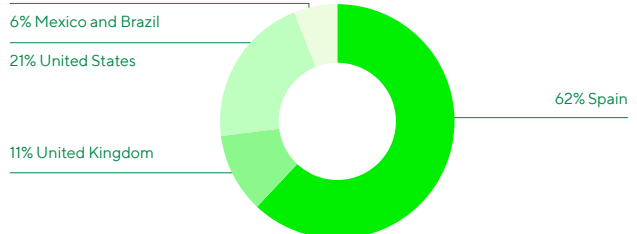
– Museums: Promote the restoration and exhibition of works, including The Dauphin’s Treasure and the Fountain of Grace (Prado Museum), Caravaggio (MUNAL).

• In Biodiversity and Climate Change, there is the *MIGRA* programme to protect birds in danger of extinction, in collaboration with the Royal Society for the Protection of Birds Scotland (RSPB).

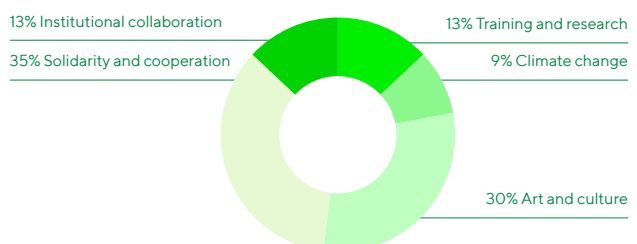
• In the area of Cooperation and Solidarity, there have been more than 150 partnerships in the five countries with a direct impact on more than 200,000 people in the fight against child poverty, the independence of people with disabilities and serious illnesses, with special attention on the most vulnerable groups: infants and youth.

Foundation Programs 2018

Contribution by region (%)



Contribution by programme (%)

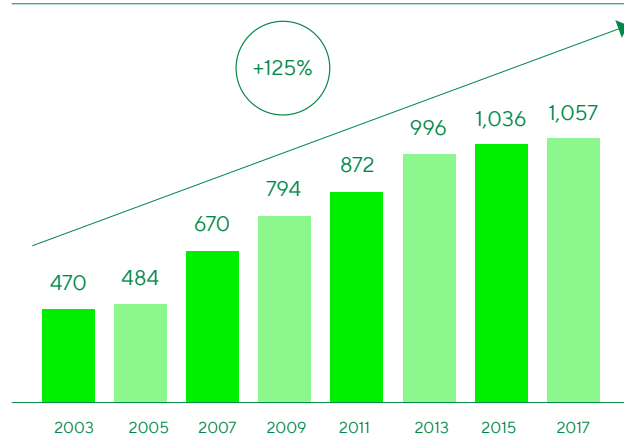


Corporate reputation

Soundness and strength of the brand

- Management of the brand so that it transmits the essence of the Purpose of the Iberdrola group and reflects the company's strategy to commit to the environment and to Sustainable Development.
- Consolidation of an international brand, strengthening communication and alignment under a single brand positioning strategy in the countries in which the company operates.

Brand value* (€M)

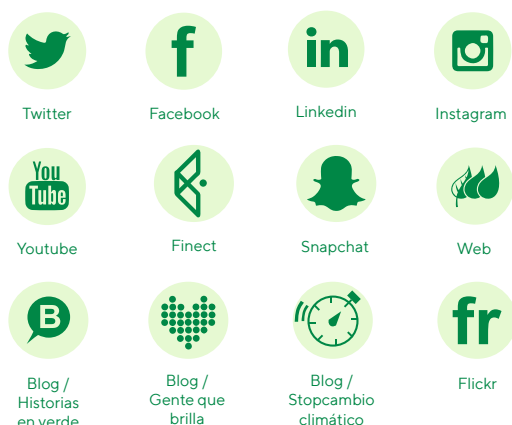


* Source: *Ranking of Best Spanish Brands by Interbrand.*

Evolution of the digital ecosystem

- Offer of useful and dynamic information, with messages adapted to each stakeholder.
- Facilitate direct interaction with our stakeholders, overcoming barriers and making use of existing synergies.

Iberdrola on social media and the Internet:



Reputation

- Iberdrola considers reputation to be an intangible asset of great value, which influences aspects as important as the attraction and retention of talent, business relations with customers, valuation of the company in the capital markets, and integration within the communities in which it does business, and therefore its financial and non-financial performance.
- What Iberdrola is, does, communicates or how it engages its Stakeholders gives rise therein to judgements, attitudes and behaviours, which go into making up the company's global reputation, which is also influenced by the social perception of the electricity sector.
- Iberdrola therefore manages its reputation with a dual objective:
 - To bring out opportunities that trigger favourable behaviour towards the company.
 - To minimise and mitigate reputational risks inherent in the activity.
- Reputation is mainly managed through four elements:
 - Proactive management of the Stakeholders through the Stakeholder Relations Model, which allows one to know expectations and to establish action plans, as explained at the beginning of this chapter.
 - The company's communication plans, the CSR Plan and other specific actions focused on each of the Stakeholders.
 - The monitoring and measurement of reputation through a specific scoresheet that includes variables from reputational rankings, Stakeholder surveys and sustainability indices, among other things.
 - The establishment of processes that allow for responding to potential reputational crises.
- All of these elements are included in Iberdrola's *Reputational Risk Policy*, which is updated annually and establishes a framework of reference for controlling and managing this risk.