

## 2.5 Capital Management

The Iberdrola group holds valuable assets for the development of its business model. The strategy defined by the company transforms this capital to create value for all its Stakeholders

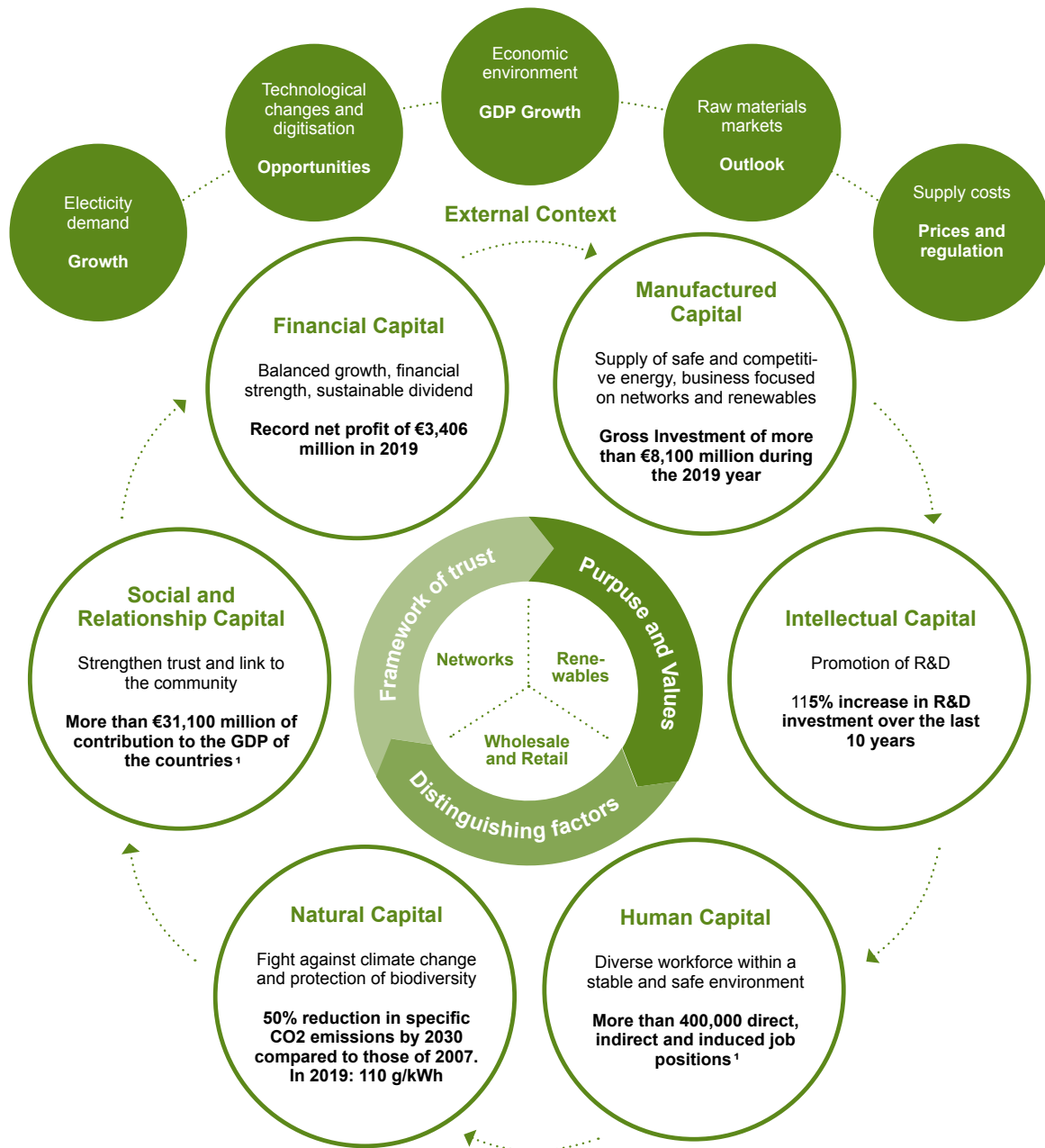
	What is it?	Management approach	Significant aspects
<b>Financial Capital</b>  ● Financial Capital / page 58	Financial resources that the company already has or obtains through the capital markets.	Create value for shareholders through sustainable growth.	<ul style="list-style-type: none"> <li>Balanced and diversified growth.</li> <li>Sound financial structure.</li> <li>Operational excellence.</li> <li>Sustainable results and dividends.</li> </ul>
<b>Manufactured Capital</b>  ● Manufactured Capital / page 60	Tangible assets or goods used by the company to carry out its business activities.	Offer a competitive supply of energy in a safe and reliable environment.	<ul style="list-style-type: none"> <li>Power generation assets.</li> <li>Power transmission and distribution assets.</li> <li>Other assets.</li> </ul>
<b>Intellectual Capital</b>  ● Intellectual Capital / page 62	Intangible, knowledge-based assets.	Consider innovation as a strategic element of the company.	<ul style="list-style-type: none"> <li>Promotion of R&amp;D.</li> <li>Digitisation for efficiency and development of new products and services.</li> <li>Disruptive technology and business models.</li> </ul>
<b>Human Capital</b>  ● Human Capital / page 64	Employee knowledge, skills, experience and motivation.	Guarantee the availability of a committed and qualified workforce.  Offer an diverse, inclusive and balanced work environment.	<ul style="list-style-type: none"> <li>Global human resources management.</li> <li>"Zero accidents" programme.</li> <li>Talent management.</li> <li>Diversity, equal opportunity and reconciliation.</li> </ul>
<b>Natural Capital</b>  ● Natural Capital / page 66	Natural resources potentially affected by the company's activities.	Ensure a sustainable use of natural resources and contribute to combating climate change	<ul style="list-style-type: none"> <li>Climate change.</li> <li>Preservation of biodiversity.</li> <li>Management of environmental footprint.</li> <li>Operating excellence and energy efficiency.</li> <li>Circular economy.</li> </ul>
<b>Social and Relationship Capital</b>  ● Social and Relationship Capital / page 68	Ability to share, relate and collaborate with its Stakeholders, promoting community development and well-being.	Promote relations of trust with Stakeholders, improving the quality of life of people in areas where the group has a presence.	<ul style="list-style-type: none"> <li>Stakeholder Engagement Model.</li> <li>Community support and electricity access programmes.</li> <li>Human rights due diligence system.</li> <li>Foundations of the Iberdrola group.</li> <li>Brand management.</li> </ul>

## Social dividend as an increase in the value of capital

The social dividend created by the business strategy and model of Iberdrola translates into an increase in the value of its capital, which in turn feeds back into a cycle of value creation, thus efficiently inter-relating the operations of the businesses and the capital of the company.

This process creates shared value for both Iberdrola and for its Stakeholders, and constitutes a main vector for achieving the company's purpose of offering an increasingly healthy and accessible energy supply.

The chart below shows its strategic focus for each Chapter and quantifies an aspiration or achievement of the company in this area.



(1) Data from a Study of Iberdrola's Impact, prepared by PwC, which is based on 2018 figures. Includes indirect and induced impacts.