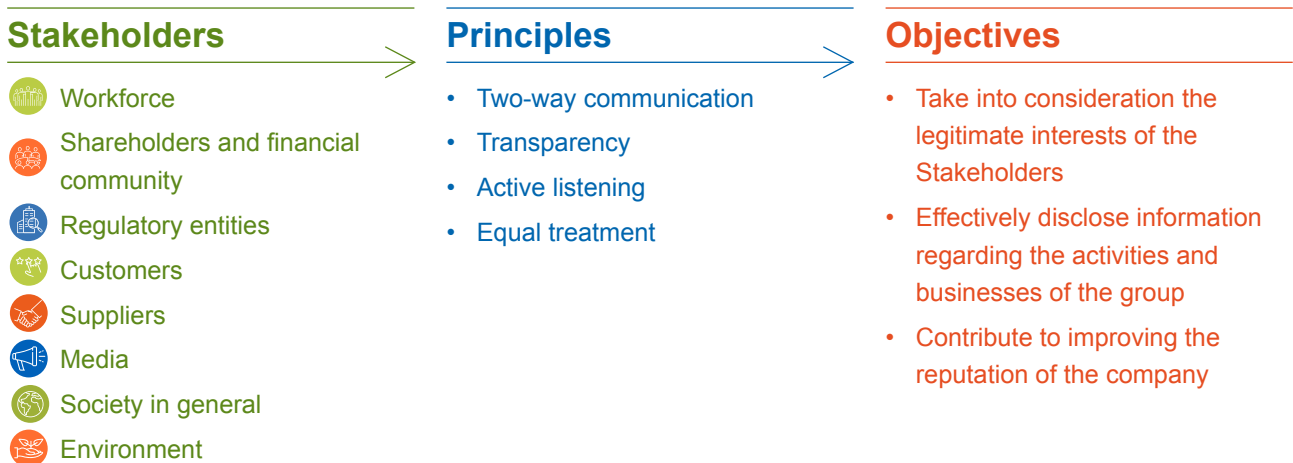


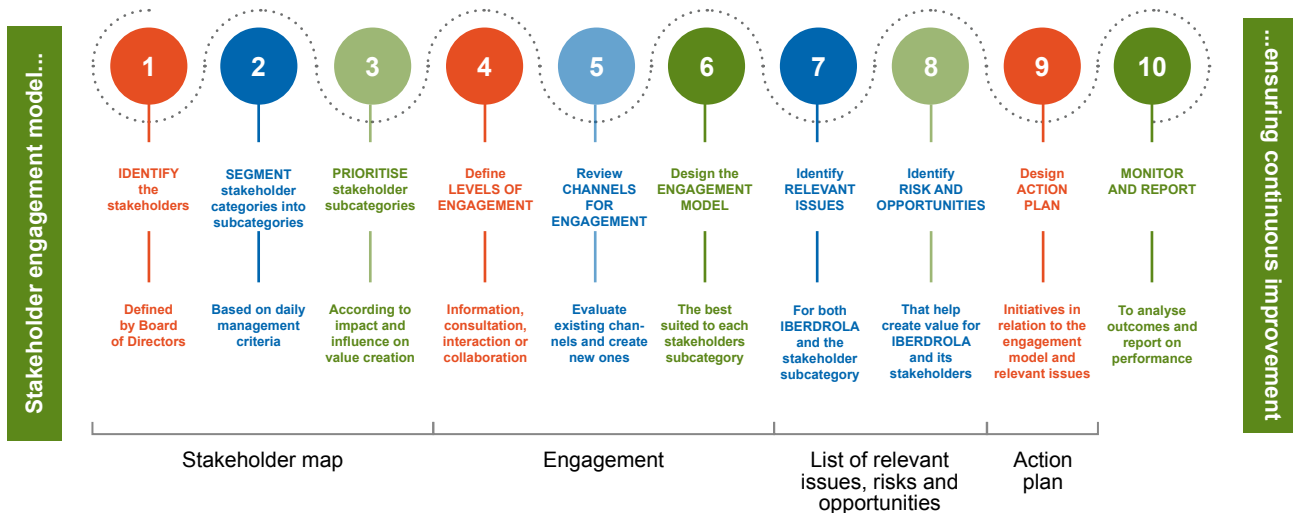
## 4.6 Social and Relationship Capital

### 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.



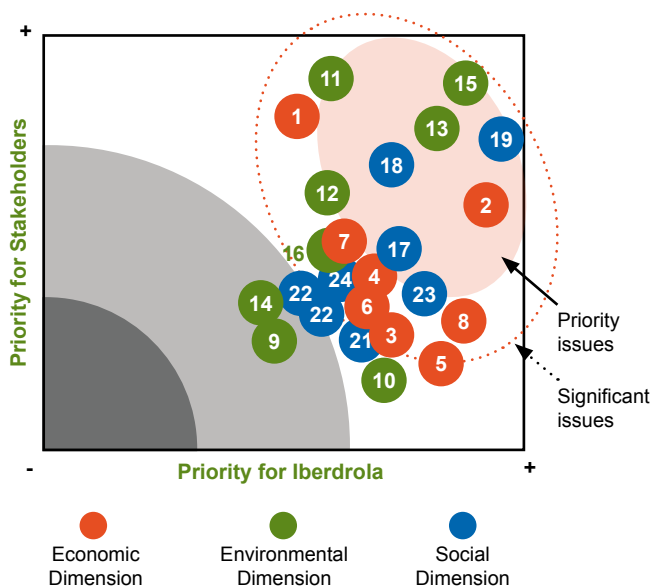
## Key figures

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

- 70 categories of sub-stakeholders
- More than 40 different channels of communication, increasingly digital.
- More than one hundred relevant issues, with numerous related 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”. And also aligned with the latest materiality study performed by an independent firm based on external information sources.

## Materiality matrix 2019



### Priority issues

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

### Significant issues

- 1. Socially responsible investment
- 12. Integration of renewable energy within the electric system
- 7. Smart grids and supply quality
- 16. Availability and management of water
- 4. Ethics and integrity (anti-corruption and free competition)

- 24. Connectivity, digitisation and cybersecurity
- 23. Attraction, development and retention of human capital
- 6. Public policy
- 8. Green financing
- 3. Transparency
- 21. Human rights
- 5. Responsible supply chain
- 20. Impact on local communities

### Other significant issues

- 22. Vulnerable customers
- 14. Management of biodiversity
- 9. Management of natural capital
- 10. Circular economy

## Good Practices

### Stakeholders Panel on CSR

Iberdrola has launched a permanent Stakeholders Panel on CSR, made up of major opinion leaders in this area. Its goals include:

- Knowing the opinions of CSR experts regarding global trends and relevant CSR issues.
- Using these opinions as a benchmark for guidance when Iberdrola designs strategies and makes decisions in this area.

### Global internal communication campaign: ten new guidelines on stakeholder engagement

1. Know in detail what stakeholders you engage with
2. Check that the communication channels available to them are working properly
3. Listen to them about the issues that concern them
4. Analyse the risks and opportunities of these issues
5. Provide specific responses to the issues that most interest and concern them
6. Give them clear and simple explanations of why we do things the way we do
7. Ask whether they approve of our decisions and how we can improve
8. Fulfil your commitments and collaborate with them whenever possible
9. In short, take them into consideration whenever making decisions that affect them
10. And always keep, your stakeholders' best interests in mind and think about what they might need

## Community support and electricity access programmes

### Primary programmes

#### Activities 2019

- Contribution of €52.3 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: €54 million of procurement from companies in operation for less than 5 years, and €65 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 more than €40 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 2019, the programme had reached 7 million users.

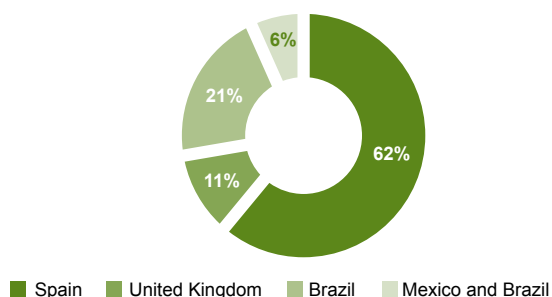
### Foundations of the Iberdrola group

#### Activities 2019

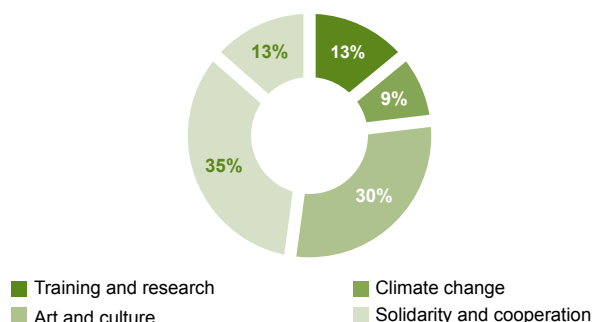
- Iberdrola has strengthened the operation of its foundations in Spain, the United Kingdom, the United States, Brazil and Mexico.
- Overall investment dedicated to activities in all countries in 2019 increased to a total of €9.2 million.
- A new *Master Plan* has been prepared for the 2018-2021 period, 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 more than 80,000 beneficiaries.
- In Art and Culture, there are three major programmes:
  - Lighting: The most important have been the Cathedral of Santiago (in progress) and the Grand Staircase of the General Navy Headquarters (Spain), the National Museum of Art (Mexico), the illumination of the façade of the Cascudo Memorial Chamber (Brazil) and the *Luces de Esperanza* (Lights of Hope) project in Mexico.
  - Restoration: Includes the *Gabinete de descanso de los Reyes* (Their Majesties' Retiring Room) (Prado Museum), the Altarpiece of Villarmentero de Campos and the church of San Martín de Castañeda in Spain.
  - Museums: Promote the restoration and exhibition of works, including: *El Prado in the Streets* (Prado Museum), *Sorolla en pequeño formato*, *Sorolla Dibujante* (Sorolla Museum).
- Biodiversity and climate change includes the MIGRA program to protect birds in danger of extinction, the LIFE project with SEO Birdlife in Spain, Sussex Wildlife Trust (in the United Kingdom), National Fish and Wildlife Foundation (NFWF) at Avangrid, the Cañón de Fernández Project (Mexico) and the CORALIZAR project in Brazil.
- In the area of Cooperation and Solidarity, there have been more than 70 partnerships in the five countries with an impact on more than 100,000 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 2019

Contribution by region (%)



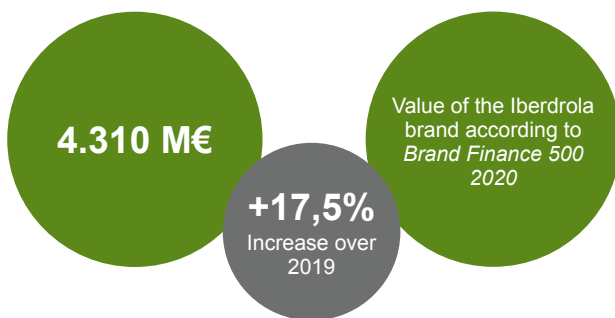
Contribution by programme (%)



## Corporate reputation

### Soundness and strength of the brand

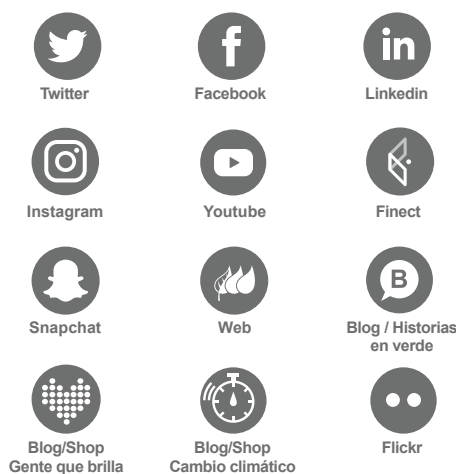
- Management of the brand so that it transmits the essence of the Iberdrola group’s Purpose and reflects the company’s strategy to commit to the environment and to Sustainable Development.
- Consolidation of an international brand, strengthening communication and alignment under a single brand positioning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



### 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 the company’s global reputation, which is also influenced by the social perception of the electricity sector.

- Iberdrola therefore manages and constantly measures 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 its activities.

- Management: Reputation is mainly managed through two elements:

Proactive management of the Stakeholders through the Stakeholder Engagement Model, which allows one to know expectations and needs, to analyse risks (including reputational risks) and to establish specific action plans, as explained at the beginning of this section.

The communication plans, the Sustainable Development Plan and numerous other specific actions focused on each of the company’s eight Stakeholder groups.

- Measurement: Reputation is monitored and measured through a specific scoresheet that includes variables from reputational rankings, Stakeholder surveys and various sustainability indexes, among other things.

- Iberdrola reviews and updates its *Reputational Risk Framework Policy*, which is the main reference point for the control and management of this risk, on an annual basis. The company also has internal processes that allow it to respond to potential reputational crises.