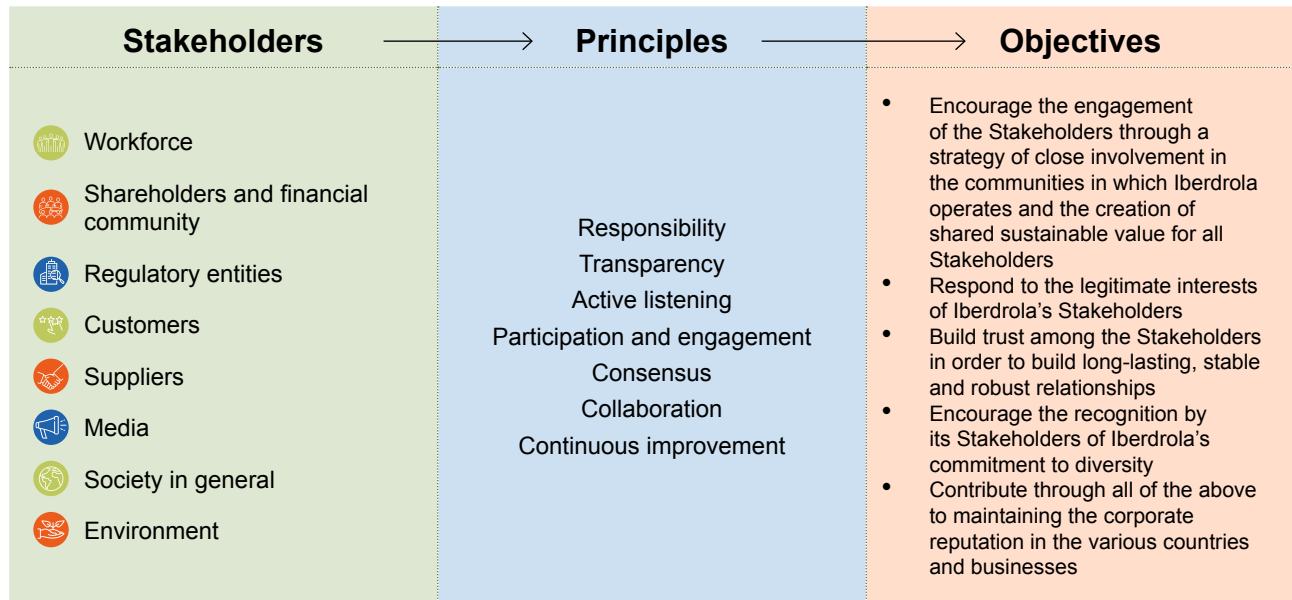




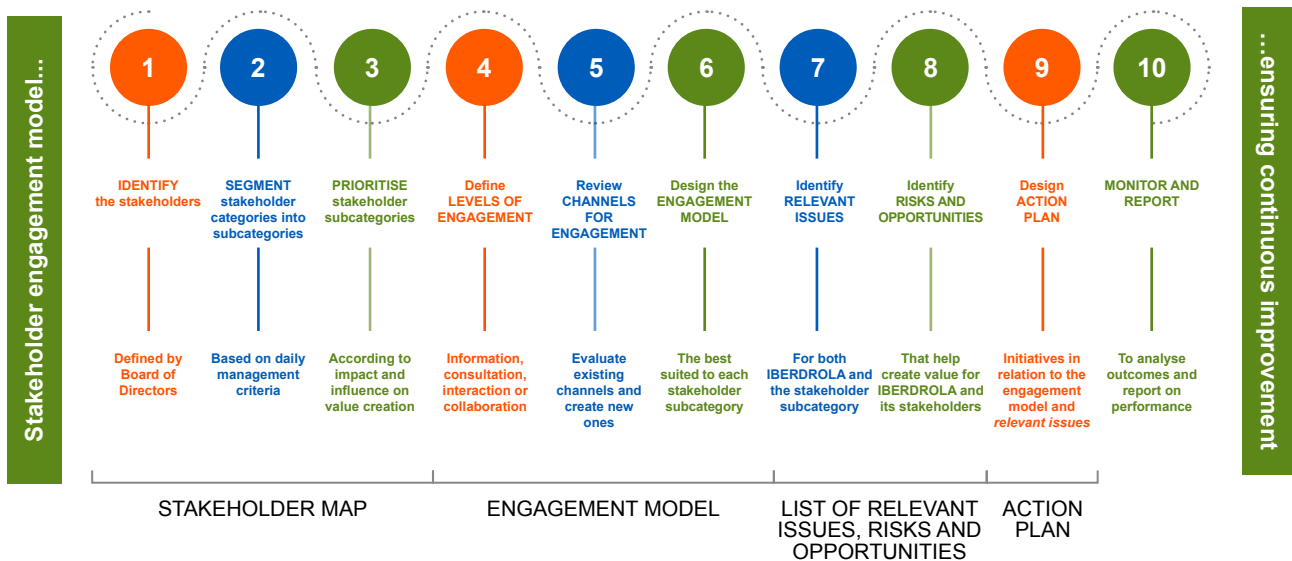
4.6 Social and relationship capital

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 entities and organisations that make up its social and relationship capital, and thus constitute a fundamental element for the sustainable performance of the company.



To meet its objectives in this area, Iberdrola has a *Global Stakeholder Engagement Model* based on the AA1000 Stakeholder Engagement Standard 2015 (AA1000SES, 2015), on the AA1000 AccountAbility Principles 2018 (AA1000AP, 2018), and on its four principles of inclusiveness, relevance, responsiveness and impact. This Model aims for all areas and businesses of Iberdrola to 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 Iberdrola's Stakeholders and businesses. This Hub meets periodically, sometimes with the presence of outside experts.



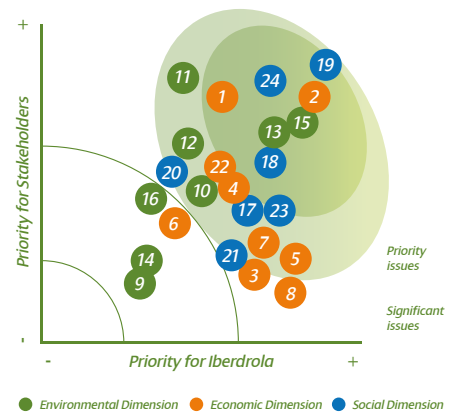
Key figures

Through its *Stakeholder Engagement Model*, in 2020 Iberdrola has detected:

- Over 1,200 entities with which its has relations.
- Almost 6,000 relationship channels.
- Over 3,600 significant issues.
- Around 60 emerging trends.

The main trends and significant issues guide the company in its decisions and, in many cases, form part of the *Iberdrola Sustainable Development Plan 2020-2022*. They are also aligned with the latest *Materiality Study* performed by an independent firm based on external information sources.

Materiality matrix 2020



Significant issues

- | | |
|---|----------------------------------|
| 11 Innovation and new business models | 10 Circular economy |
| 22 Vulnerable customers | 7 Smart grids and supply quality |
| 4 Ethics and integrity (anti-corruption and free competition) | 5 Responsible supply chain |
| 17 Customer satisfaction | 21 Human Rights |
| 23 Attraction, Development and Retention of Human Capital | 3 Transparency |

Other material issues

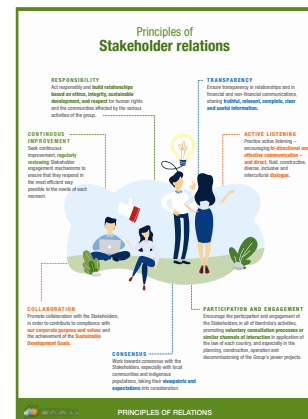
- 16 Availability and management of water
- 6 Public policy
- 14 Management of biodiversity
- 9 Management of natural capital

Best practices

To mitigate the effects of the COVID-19 pandemic, Iberdrola has carried out numerous good practices for each Stakeholder group. Some of these are shown below:

- **Workforce:** Serological testing for the workforce.
- **Shareholders and financial community:** Holding of General Shareholders' Meeting remotely.
- **Regulatory entities:** Donation of healthcare and preventive material.
- **Customers:** Protection of vulnerable customers and suspension of service cut-offs.
- **Suppliers:** €14,000 million in orders awarded in 2020.
- **Media:** Enhancement of information on coronavirus on corporate websites.
- **Society in general:** Strengthening of service and establishment of priority service channels for hospitals, health centres and other essential infrastructure.
- **Environment:** Boost to the Manifesto for a green recovery (*Green Deal*).

Global internal communication campaign: The principles of engagement with our Stakeholders.





Community support and electricity access programmes

Primary programmes

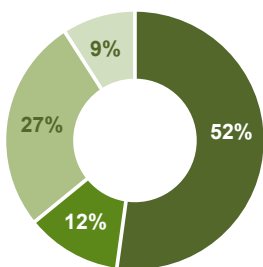
Activities 2020

- Contribution of over €83 million to the community, measured according to the *London Benchmarking Group* (LBG) international standard, in the countries in which Iberdrola operates.
- Volunteer activities. A total of over 10,000 volunteers have participated in activities mainly centred this year on actions to support groups affected by COVID-19.
- Entrepreneurial support: €91 million of purchases 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 almost €42 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

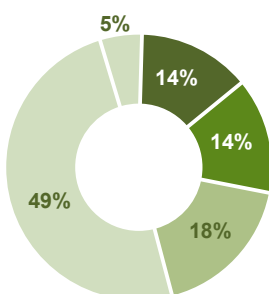
- The SDGs recognise energy as an engine for sustainable development.
- The *Electricity for All* programme is Iberdrola's response to the need to expand universal access to modern forms of energy, with environmentally sustainable, financially affordable and socially inclusive models. This initiative 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. The programme had reached 8.2 million users by year-end 2020.

Foundation programs 2020



Contribution by region (%)

- Spain
- United Kingdom
- United States
- Mexico and Brazil



Contribution by area (%)

- Training and research
- Art and culture
- Institutional collaboration
- Biodiversity and Climate Change
- Social action

Foundation programs 2020

Activities 2020

- 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 2020 reached a total of **€11.9 million**.
- In the **Training and research** area, the promotion of equal opportunity is being strengthened through the *Research Grants Programme* programme and the inclusion of STEM scholarships, with a special emphasis on women. Also of note are the international mobility scholarships (Fundación Carolina, Fulbright).
- In **Art and Culture**, the aim is to **protect and safeguard artistic and cultural heritage**, promoting conservation and restoration and stimulating local development. The major lighting projects have been at the Monastery of Guadalupe and the Supreme Court in Spain and the façade of Câmara Cascudo in Brazil. Exhibitions include *The Prado in the Streets* and, lastly, the restoration of the statue of Nathan Hale in the United States.
- In **Biodiversity and climate change**, the aim is to **protect the environment and improve biodiversity** to contribute actively to the **fight against climate change**. This includes reforestation of 43 hectares of fields in Chinchilla and Valladolid with more than 25,000 native trees as part of the *Forest Defence-Iberdrola* plan and the MIGRA programme in Spain, *Swift City* in the United Kingdom, projects in partnership with *National Fish and Wildlife Foundation* (NFWF) in the United States, the project to preserve the Cañón de Fernández park in Mexico and the CORALIZAR project in Brazil.
- In the **Social Action** area, Iberdrola is **contributing to sustainable human development by supporting the most vulnerable individuals and groups**. Over 100 partnerships have been established in the five countries with an impact on over 100,000 people.
- **The fight against COVID-19:** In Spain, 840,000 euros have been invested in the provision of 112,000 free meals in Madrid and Biscay and the donation of 15 laptops and 57 tablets and of masks for the disabled. In the United States, one million dollars has been donated in association with national organisations and local networks and agencies across the country, like the *American Red Cross*, *Feeding America* and *Americares*. In Mexico, there have been donations of 1.8 million units of healthcare materials in 19 states of the country, and more than 11,000 food parcels and cleaning products in 75 communities. In Brazil, over 2 million reais has been invested to provide resources (food, cleaning products, etc.) to assist over 100,000 families.

📍 Sustainability Report



Corporate reputation

Soundness and strength of the brand

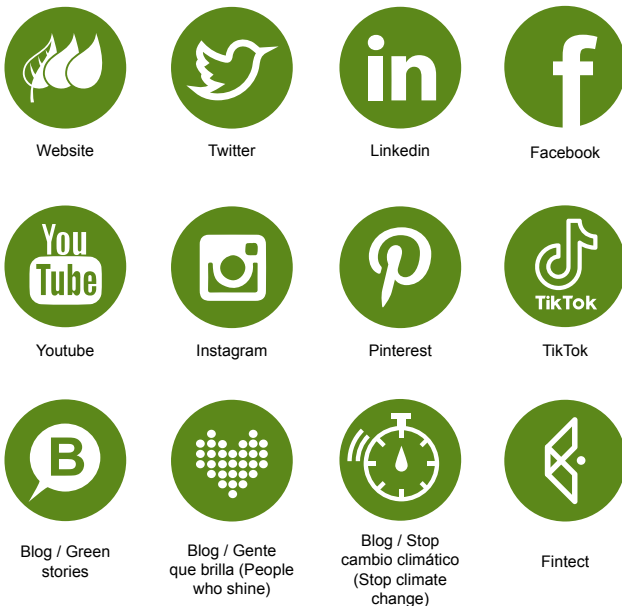
- Management of the brand so that it transmits the essence of the Iberdrola group's Purpose and reflects the company's strategy to commit to the environment and to Sustainable Development.
- Consolidation of an international brand, strengthening communication and alignment under a single brand positioning 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 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 the overall performance of the company.
- What Iberdrola currently is, does, communicates or how it engages its Stakeholders leads to their opinions, 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 and measures its reputation with a dual objective:



Bring out opportunities that trigger favourable behaviour of the Stakeholders towards the company.



Minimise and mitigate the reputational risks inherent to its activities.

- Management: Reputation management is carried out by all of Iberdrola's areas and businesses, and includes two key 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 activities of Iberdrola's areas and businesses, 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; reputational risk maps and assessment of the level of impact of reputational risk.
- 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.