

# **2023 Iberdrola internal communication tools on Stakeholder engagement: Intranet and Stakeholder Trend Newsletter**

2023 Report

## Microsite on Stakeholders in the Intranet

**IBERDROLA** [IBERDROLA GROUP](#) [TOOLS AND PRACTICAL INFORMATION](#) [PERSONAL AREA](#) [NEWS](#)

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**WE ARE THE UTILITY OF THE FUTURE**  
Iberdrola is now a global energy leader, the number one producer of wind power, and one of the world's biggest electricity utilities in terms of market capitalisation.

**PURPOSE AND VALUES**  
Our purpose is to continue building together each day a healthier, more accessible energy model, based on electricity.

**BEHAVIOURAL MODEL**  
It provides a common framework, a roadmap, on the expected behaviors for how we interact with others and accomplish not only our daily activities but the strategic goals of the Group.

**STAKEHOLDERS**  
Society demands greater and greater transparency, and more open and participatory companies. All this means that our relations with our Stakeholders have become a priority for Iberdrola.

**REGULATORY POSITIONING**  
Iberdrola firmly believes that the transition to a carbon-neutral economy by 2050 is possible and makes economic sense. The decarbonisation of the economy is a tremendous opportunity to create wealth, generate employment and improve air quality.

**LEADERS IN ESG**  
We integrate environmental, social and governance (ESG) factors for socially responsible management. These pillars have been part of our strategy for two decades and consolidate our position as a leader in ESG.

**COMMITTED TO THE SDGs**  
Iberdrola Group has incorporated the Sustainable Development Goals approved by the UN in September 2015 into its business strategy and corporate governance system.

## Microsite on Stakeholders in the Intranet

### STAKEHOLDERS

“For it is mutual trust, even more than mutual interest that holds human associations together”

- H. L. Mencken (1860-1956), American writer -



In search of a greater participation and involvement of the stakeholders, responding to their expectations and legitimate interests and generating confidence. Contributing to our long-term sustainability and reputation.

We live in the era of connectivity, commitment, alliances, diversity... Society demands greater and greater transparency, and more open and participatory companies. All this means that our relations with our Stakeholders have become a priority for Iberdrola.

### YOUR WORK

“The most basic of all human needs is the need to understand and be understood. The best way to understand people is to listen to them”

- Ralph G. Nichols (1910-2006), American academic -

#### Your work and Stakeholders

Your work is essential to allowing Iberdrola to fulfil its commitments to its Stakeholders.

In addition to the [general principles \[PDF\]](#) that we must always keep in mind when interacting with our stakeholders, here are **10 tips** that are essential in your daily work with them:

- 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 Fulfill 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

### BEST PRACTICES

“In seeking the good of our fellow man, we find our own”

- Plato (427-347 BC), Greek philosopher -

#### Share best practices on how you interact with your Stakeholders

At Iberdrola, we like to **do things well**, and - why not say it - **to be the first** to do them. This is why we strive to ensure our relations with our Stakeholders smooth and positive for both parties.

Here are some **examples of Best practices** that our colleagues have carried out this year marked by the COVID-19 health crisis.

Best practices by country

**Spain:** Through the initiative "City councils for the climate" Iberdrola Spain contributes to promoting climate action by the municipalities committed to the environment, in order to achieve emission reductions by 2030. A series of an online platform and community, through which, both are offered to generate the Spanish network, solutions for greater sustainability are disseminated, the actions of those who participate are highlighted and a campaign effect is generated to avoid climate action to stakeholders.

**United Kingdom:** In the context of the pandemic restrictions, Iberdrola has adopted the opportunity to disseminate information on different renewable projects to an online format. This public events are held online, relevant information is provided on the website, and community members can send their questions about the projects through the same website.

**United States:** Iberdrola's ongoing commitment with stakeholders in the Eastern United States, which consists of the construction of a 400-kilometre underground power line to generate renewable energy in the State of New York. Iberdrola is using social media to promote the project, as well as organizing multiple programs such as donations, including government, business, labour and environmental organizations and environmental organizations.

**Brazil:** Iberdrola's support for the fight against fires in Pernambuco, through fire in Pernambuco, through various actions carried out jointly with the State Environment Agency. The aim is to prevent fires, to apply legal provisions and to power distribution and transmission lines and their consequent impact on the environment and the community. To this end, Iberdrola conducts environmental education campaigns and workshops, provides educational material for all ages, media content, and carries out campaigns and work to identify danger areas and other critical locations, to identify dangerous situations.

**Mexico:** Iberdrola Mexico focuses on their customers by having them to apply for and obtain the Iberdrola membership through digital channels, and to support them and guide them through the process. The aim is to support the adoption of CSR practices, especially those related to business ethics, quality of life at the company, and with the community, and seek the preservation of the environment.

## Stakeholder Engagement in the Intranet

The screenshot displays the Iberdrola intranet interface. The browser address bar shows the URL <https://portal.corp.iberdrola.com>. The main content area features a list of news articles:

- Green light for Aurora Green, Iberdrola's first major offshore wind project in Australia** (07/05/2024). Category: BUSINESS | RENEWABLES | OFFSHORE WIND | AUSTRALIA.
- Iberdrola to supply clean energy to the multinational pharmaceutical company Bayer in Italy** (06/05/2024). Category: BUSINESS | ITALY | RENEWABLES | PHOTOVOLTAIC | SOLAR.
- Neoenergia will deploy a private telecommunications network to boost the modernisation of the electricity system in the Federal District** (06/05/2024). Category: BUSINESS | BRAZIL | NETWORKS.
- BUSINESS | UK** (partially visible).

On the right side, there is a navigation menu with links to [Iberdrola México](#), [Neoenergia](#), [ScottishPower](#), and [Avangrid](#). Below this menu is a promotional banner for a "New edition" of a document titled "Understanding Stakeholders is understanding business". The banner includes the Iberdrola logo and a photograph of a man holding a wind turbine blade. A call-to-action button labeled "More information" is located at the bottom of the banner.



## Stakeholder Engagement in the Intranet

The screenshot displays the Iberdrola news website interface. The main content area features three news items:

- operation of generation plants** (07/12/2023)
- BUSINESS ITALY: Iberdrola receives award in Italy for its promotion of ecological transition and energy security in the country** (07/12/2023)
- BUSINESS BRAZIL NETWORKS: Neoenergia's R&D projects star in Latin America's largest electricity distribution event** (06/12/2023)

The right sidebar contains a section titled "Avangrid" with a "New edition" banner. Below the banner is a photo of a man holding a wind turbine blade. The text below the photo reads: "Find out about the latest trends in stakeholder relations here". A "More information" button is located at the bottom of the sidebar.

At the bottom of the main content area, there is a large green banner with the text: "New edition Understanding Stakeholders is understanding business".

## Stakeholder Trend Newsletter

Periodicity: monthly

Recipients: All people involved on stakeholder engagement

Objective: Get to know the main trends regarding stakeholder expectations

### NEWSLETTER

#### 1. Climate change: solutions impact the development of new technologies



People expect from companies and governments actions in this field that benefit them

In its 3rd year, **Deloitte's Trust and Climate Change Research** report surveyed 14,000 people in 14 countries, including Brazil, Canada, China, France, Germany, Mexico, Saudi Arabia, the U.A.E., U.K. and the U.S. Here are the top findings:

- The climate crisis is **universally recognized**. An overwhelming majority of respondents (95%) said that climate change poses a serious and imminent threat to the planet.
- People are losing trust in institutions to do what is right on climate change. To build trust, people expect from companies and governments solutions that benefit them.
- The only trusted voices on climate are those of friends, family, peers, and scientists/experts.
- Around half of respondents (55%) are **optimistic about solutions**, meanwhile 22% are hopeful that we can overcome climate challenges. The best ways to convert climate pessimists to optimists including spread positive news and make climate-friendly lifestyle more attractive.
- Almost half of respondents think their health or that of their families has gotten worse due to climate change (45%).
- Majority (57%) considers climate progress, policies, and solutions will **positively impact the development of new technologies**.

#### 4. Attracting and retaining talent, main challenges in workforce future



Companies should focus on generative leadership; reimagine businesses to serve all stakeholders

BCG has just published the results of the second **Future of Work—Global Employee Survey**, in which five key findings about the workplace today are included:

- People-focused initiatives are lagging.
- Attracting and retaining talent are the biggest drivers of new workforce initiatives.
- Hiring and keeping frontline workers is proving particularly difficult.
- Finding the right hybrid-work model for office-based employees requires significant focus.
- CEOs are playing an increasingly prominent role in leading future ways of working.

#### 2. Managing AI and ESG risks is vital to make future-proof organizations



The reactive approach in risk management is inadequate at times of crisis and complex corporations

New S&P report highlights the **Value of Future Risk Management** by drawing insights from a survey of senior executives at 100 companies in different industries (55% Energy) and from all over the world (40% U.S.). The main conclusions of this report are as follows:

- In companies with mature risk management, the corporate center and the outlying units cooperate closely and constantly.
- Majority grants flexibility, allowing companies to respond to local changes rather than applying identical solutions across the board.
- The reactive approach is simply inadequate at times of crisis for most complex corporations. A key differentiator for top performers is the ability to identify threats.
- Preparing for the next crisis, companies have moved on to the vital task of quantifying non-financial risks, which relies heavily on the availability, quality, and usability of data.
- Operational risk is by far the most covered risk. This confirms a new focus on non-financial threats, a rebrand progressing from the nature of the disruptions caused by the recent crisis.
- It is vital to implement processes that can assess and respond to emerging risks—such as those relating to AI and ESG—so make the organization more future-proof.

#### 5. It is time to bet for circular economy in companies now!



Circularity provides businesses with the opportunity to marry financial goals and environmental benefit.

The circular economy—finding value across a resource's entire life cycle by reusing and recirculating goods—is a powerful lever for environmental goals. It promises nature by reducing pollution, maintaining waste, and minimizing new resource extraction. At the same time, the circular economy is emerging as an opportunity for business to achieve financial goals. To take advantage of these benefits, businesses should start developing their circularity strategy now. A report from **J.P.K. Consulting's Sustainability Centre of Excellence** highlights three steps to transitioning to a circular economy:

1. Developing an understanding of current waste streams, within the business and downstream.

#### 3. Technology enters its post-globalization era



A decade from now, the global footprint of the technology value chain is likely to look very different

The **Bank & Company Technology Report 2024** explores a sector in the midst of renewal and reinvention. Two of the main conclusions are:

- Tech companies are diversifying their supply chains, R&D locations, and talent pools in order to build resilience against global shocks.
  - The semiconductor industry, for example, is responding to government incentives to make large, long-term investments in fabs in the US, Japan, and Germany.
  - These changes will create new technology hubs and shift the competitive landscape—partly as a result, the **lingering of engineers is accelerating** in India and Europe. A decade from now, the global footprint of the technology value chain is likely to look very different, but companies should be evaluating their options today.
- Investors' enthusiasm for artificial intelligence is high, with AI and machine learning investments leading wartime growth in the first half of 2023. Korean industries, AI **did** increase the productivity of knowledge workers, and software companies already benefit from AI coding assistants.
- Investors should be assessing risks and opportunities across their portfolio, understanding where technology will create new advantages and where it might lead to share loss.

#### Focus on...supply chain

#### 6. Three mega trends to drive future business relevance and regeneration



Focus on rewriting value chains, reclaiming control and reinvigorating the organization

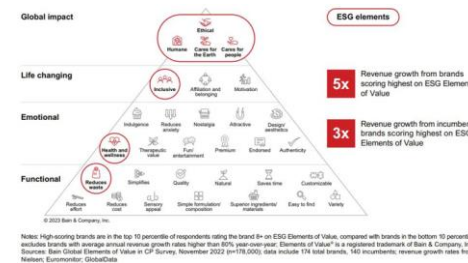
There is no denying that supply chains face strong headwinds these days, from record storms, floods, pandemics, and flexing commodity shortages across the globe, to geopolitical uncertainties impacting everything from interest rates, customer demand, and regulations.

An article by **McKinsey** highlights three fundamental shifts that, when combined, hold the key to future supply chain clean growth and prosperity.

1. **REWRITE Value chains:** Restructure supply chains to build resilience, increase profitability, and unlock growth, while becoming more sustainable. Three common sub-trends are emerging:



Source: Deloitte Center for Financial Services Analysis.  
Deloitte | deloitte.com/us/en/insights/research-centers/center-for-financial-services.html



Notes: High scoring brands are in the top 10 percentile of respondents using the brand in an ESG Element of Value, compared with brands in the bottom 10 percentile, exclude brands with average annual revenue growth rates higher than 50% year-over-year. Elements of Value™ is a registered trademark of Bank & Company, Inc. Source: Bank Global Elements of Value in CFP Survey, November 2022 (n=19,000). Data include 174 total brands, 140 incumbents; revenue growth rates from Nielsen Consumer, GlobalData.

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### Stakeholder Trends

#### Focusing on stakeholder strategy "makes solid business sense"



Culture, organizational structure, and processes, key factors to success in this ambit

According to a report from **Bank&Company**, companies are using increasingly accessible and rigorous data to generate value for key stakeholders. Those that create the most value:

- Study and utilize **outside perspectives**.
- Add proprietary **internal data**.
- Understand **stakeholder interdependencies**.
- Build a strong system to sustain their stakeholder strategy**.

Some actions to nurture this stakeholder strategy are:

- Build a **culture** that embraces the stakeholder strategy.
- Design **new organizational structures and processes**.
- Establish a small center of excellence to help guide the stakeholder strategy and track results.
- Launch **cross-functional agile teams** to pursue ways to generate mutual benefits for different stakeholder groups. For example, engage technology experts to improve products for customers while also reducing tedious or dangerous tasks for employees.
- Possible new investment proposals include projections of the **impact** on different stakeholder groups; developing better ways to collect **feedback** about stakeholders' **needs, satisfaction**... and changing the **communication strategy** to attract the right stakeholder segments.

Stakeholder strategies are neither all-or-nothing nor unrealistically complex. They can be designed and implemented in ways that increase value for all stakeholders, including shareholders. Stakeholder strategies aren't simply worthy aspirations; they make solid business sense.

#### Globalization is changing, and organizations must be prepared to it



New capabilities of leadership teams, dynamic strategic options and diversifying are needed

An article published by **McKinsey** explains how Globalization is evolving. Global cooperation had seen net-positive growth in the decade preceding 2020 but, given the events of the past years, cooperation has begun to plateau.

**Geopolitical tensions**, including the rivalry between China and the USA, and the Russian invasion of Ukraine, are a major factor. The renewed war in the Middle East could lead to broader disruptions, particularly to energy resources, and threaten peace and stability.

The implications of the changes to globalization can touch **corporations** in myriad—and sometimes unexpected—ways. What can business do and where could they place their bets to deliver value for stakeholders and help foster global cooperation?

- Raise the capabilities of leadership teams:** An understanding of global connections and geopolitical realities—and their ramifications for the business—should be a core competency for C-suite executives and a regular and systematic focus for the board.
- Build dynamic strategic options:** A starting point here will be a careful and clinical diagnosis of each firm's interconnectedness—where, with whom, how—combined with a rigorous risk assessment of potential points of weakness.
- Think diversifying, not decoupling:** Companies that thoughtfully manage their concentrated exposures are likely to be more resilient—not only able to absorb a supply disruption but also able to bounce back better.

#### Focus on...Europe: Re-regionalization, an opportunity for Europe to revitalize its industry



Coastal areas can become valuable 'landing ports' for low-cost green energy

According to a **Roland Berger** report, Europe is a pioneer and global leader in renewable energy production. Its experience, expertise and location make it an excellent hub for all forms of green energy. After decades of gradual deindustrialization, industry faces a challenging transformation to achieve net zero.

Some highlights:

- Background:** Deindustrialization has been taking place in Europe for decades. While China's share of global manufacturing output has nearly quadrupled in the last 20 years, Europe's has declined by more than a third. The establishment of **new industrial hubs in coastal areas** particularly can become valuable 'landing ports' for low-cost green energy to power industrial activity.
- Energy supplies.** Electrification and green molecules, such as hydrogen made from renewable sources, are key to sustainable industry. Decarbonizing a wide variety of processes will have an impact on international energy supplies. Electricity demand in Europe is projected to increase by 80% by 2050.
- Focus on clean energy.** Within Europe, the focus will be on offshore wind from the North Sea, onshore wind in mainland Europe, solar around the Mediterranean and hydropower in northern Scandinavia. But the continent will still need to import energy, particularly hydrogen, which enjoys better production conditions outside Europe.
- More concentrate energy system.** New 'renewable landing ports' of renewable energy will emerge around Europe's coastlines, where offshore wind energy and imported electricity and hydrogen come ashore. Re-regionalization can benefit the entire continent and not just the areas that will house green energy landing ports and will free up grid capacity to boost higher-value growth and accelerate the energy transition.

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