



ESG Division

Stakeholder Engagement, Human Rights and Reputation
Department

Training session for Stakeholder Engagement Model implementation

06/06/2024

Welcome





Chat is available for questions



Team picture!





01:37:17

Chat Gente 59 Participar Reaccionar **Vista** Notas Aplicaciones Más Cámara Micro Compartir **Salir**

PS RB

Pablo Sant... Raúl Beltrá...

AO

Perez Oter... Herce Colla...

MR ED

Amigo Romero,... CRISPIN DI...

Ramos Avila, Lo... Fernandez Mart...

Parra Ruiz, ... Ver todos

Windows taskbar: Buscar, File Explorer, Phone, Outlook, Chrome, Edge, Teams, PowerPoint, Word, System tray: 14:04, 04/03/2024

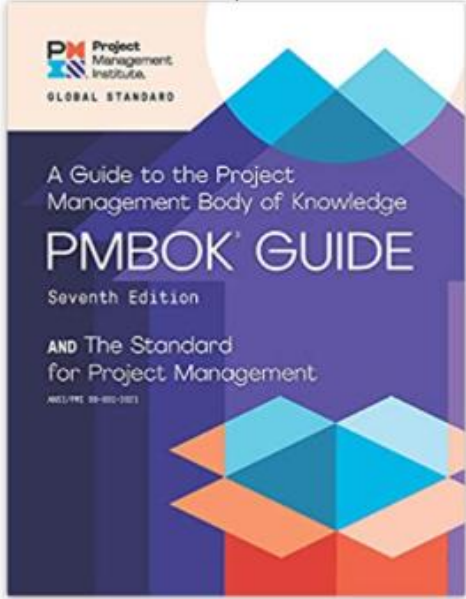
Stakeholder engagement is key



Stakeholder engagement in project management

Stakeholder engagement has become one of the critical aspects of project management

Principles of Project Management			
Be a diligent, respectful, and caring steward	Create a collaborative team environment	Effectively engage with stakeholders	Focus on value
Recognize, evaluate, and respond to system interactions	Demonstrate leadership behaviors	Tailor based on context	Build quality into processes and deliverables
Navigate complexity	Optimize risk responses	Embrace adaptability and resiliency	Enable change to achieve the envisioned future state



Fuente: *Project Management Guide*. Project Management Institute. 2021

... since Stakeholders positively and negatively affect the development of projects

...is needed to be managed effectively for the success of the project



EFFECTIVELY ENGAGE WITH STAKEHOLDERS

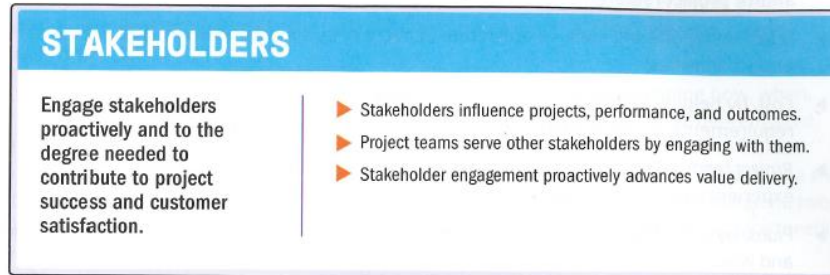


Figure 3-4. Effectively Engage with Stakeholders

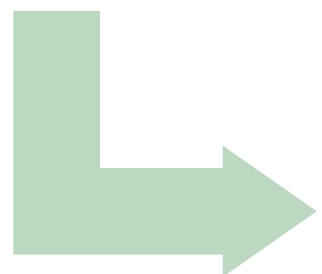
Stakeholders can be individuals, groups, or organizations that may affect, be affected by, or perceive themselves to be affected by a decision, activity, or outcome of a portfolio, program, or project. Stakeholders also directly or indirectly influence a project, its performance, or outcome in either a positive or negative way.

Stakeholders can affect many aspects of a project, including but not limited to:

- ▶ *Scope/requirements*, by revealing the need to add, adjust, or remove elements of the scope and/or project requirements;
- ▶ *Schedule*, by offering ideas to accelerate delivery or by slowing down or stop delivery of key project activities;
- ▶ *Cost*, by helping to reduce or eliminate planned expenditures or by adding steps, requirements, or restrictions that increase cost or require additional resources;
- ▶ *Project team*, by restricting or enabling access to people with the skills, knowledge, and experience needed to deliver the intended outcomes, and promote a learning culture;
- ▶ *Plans*, by providing information for plans or by advocating for changes to agreed activities and work;
- ▶ *Outcomes*, by enabling or blocking work required for the desired outcomes;
- ▶ *Culture*, by establishing or influencing—or even defining—the level and character of engagement of the project team and broader organization;
- ▶ *Benefits realization*, by generating and identifying long-term goals so that the project delivers the intended identified value;
- ▶ *Risk*, by defining the risk thresholds of the project, as well as participating in subsequent risk management activities;
- ▶ *Quality*, by identifying and requiring quality requirements; and
- ▶ *Success*, by defining success factors and participating in the evaluation of success.

Stakeholders may come and go throughout the life cycle of the project. Additionally, the degree of a stakeholder's interest, influence, or impact may change over time. Stakeholders, especially those with a high degree of influence and who have an unfavorable or neutral view about a project, need to be effectively engaged so that their interests, concerns, and rights are understood. The project team can then address these concerns through effective engagement and support leading to the probability of a successful project outcome.

**Objective:
Delve into the
culture of
stakeholder
engagement...**



**... that allows
us to
enhance...**



- Motivation and pride of belonging in the **Iberdrola's people**
- The confidence of **Shareholders and the financial community**
- **Customer** satisfaction, loyalty and acquisition
- Agreements, collaboration and traction of **Supply chain**
- The respect of our **Community**, and license to operate
- **Care for the environment**



**...through a
solid pro-
stakeholder
engagement
structure**



**BUILD TRUST AND REPUTATION
GET TO KNOW OUR ENVIRONMENT
BETTER PROVIDE SOCIAL DIVIDEND**

Index

1. Introduction to the Global Stakeholder Engagement Model

2. 2024 Reporting Process Calendar

3. Model Implementation in the App:

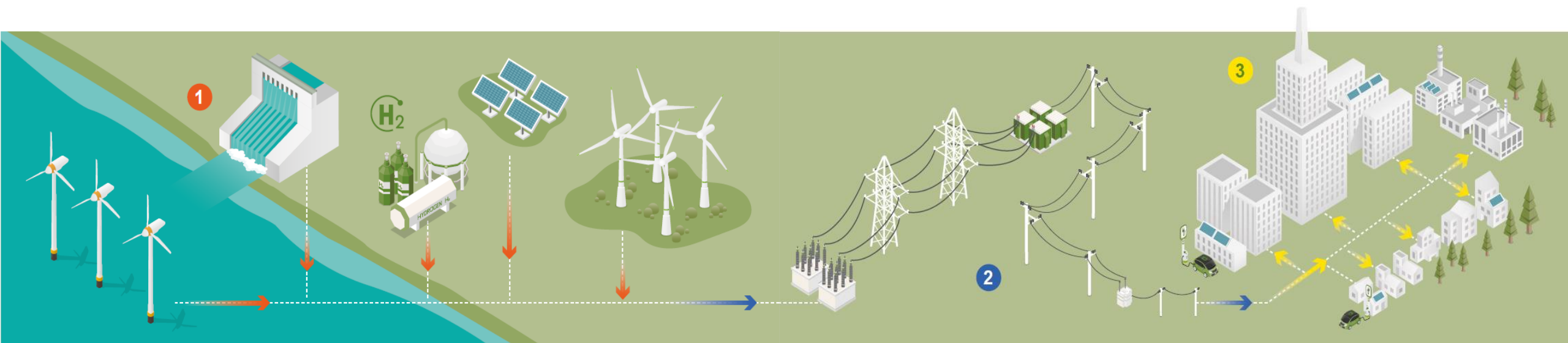
- Main new features
- How it works (complete process)
- Information Validation Process
- Importing Information

Introduction to the Stakeholder Engagement Model

What is the Stakeholder Engagement Policy and the Model?



Throughout its value chain, Iberdrola Group interacts with millions of stakeholders around the world:
Our great social and relational capital!



6 Stakeholder categories



Iberdrola people



Shareholders and
the financial
community



Customers



Supply chain



Community



Environment

IBERDROLA PEOPLE

- Leadership (1+2+3)
- Qualified technicians (Global group 4+5)
- Skilled workers and support personnel (Grupo global 6)
- Unions
- Non-active personnel (early-retirees and retirees)
- Scholarship holders / Internships
- Candidates
- Employee on international assignment / placement
- Employees families

ENVIRONMENT

- Environmental regulatory bodies
- Multi lateral and Business organizations
- Non-governmental/non-profit environmental organizations
- Academic institutions, research centers and think tanks
- Government environmental entities/Non-regulatory public environmental agencies
- Certifying entities
- Companies with which we interact (Ex. Immission measuring networks - air quality control and OTHERS)

SHAREHOLDERS & FINANCIAL COMMUNITY

- Institutional Variable Income Investors
- Institutional Fixed Income Investors
- Institutional ESG Investors
- Retail shareholders
- Co-investment alliances
- Rating agencies
- Investment banking analyst
- Proxy advisors
- Sustainability indices/ratings
- Financial entities

SUPPLY CHAIN

- Strategic suppliers
- Non-strategic suppliers
- Potential suppliers
- Workers in supply chain
- Indirect suppliers (beyond Tier-1)
- Affected communities by the supply chain

COMMUNITIES

Social representatives

- Political parties
- Sectorial, economic-business entities and chambers of commerce (international/ national)
- Sectorial, economic-business entities and chambers of commerce (regional/local)
- Entities related to sports (International, national, regional, local)
- Entities related to the arts, culture and the environment (International, national, regional, local)
- Entities related to social action (International, national, regional, local)
- Entities related to education, research, think tanks , universities (International, national, regional, local)
- Business/competitors

Regulatory entities

- International /national regulatory entities and public administration
- Local/regional regulatory entities and public administration
- Justice administration
- Security bodies and forces and public emergency organizations
- Private security bodies and forces and public emergency organizations
- Auxiliary services: Insurers/Certification bodies

Media

- Digital channels
- International media
- National media (country), regionals/state and local.
- Opinion leaders (influential people)

People affected by facilities

- Local Communities and community groups
- Land owners
- Farmers, ranchers and their representatives
- Fishermen and their representatives
- Shipowners
- Industry, tourism and their representatives
- Environment and Human Rights defenders/activists
- Indigenous populations and other traditional peoples and their representatives
- Vulnerable collectives and their representatives: Old people/ childhood and youth/ People with disabilities / Refugees / Migrants / Women / LGTBIQ+ / People with neurodiversity / Other collectives

CUSTOMERS

Customers (Customers business)

- Residential customers (Residential, autonomous and SME)
- Commercial customers – Business, public administration and Big customers (included PPAs and co-generation customers)
- Associations and consumer organizations
- Vulnerable customers
- Smart Solutions Clients (Smart Solar, Smart Mobility, Smart clima and Smart home)
- Partners and strategic alliances (Ex. Green H2)

Customers (Networks business)

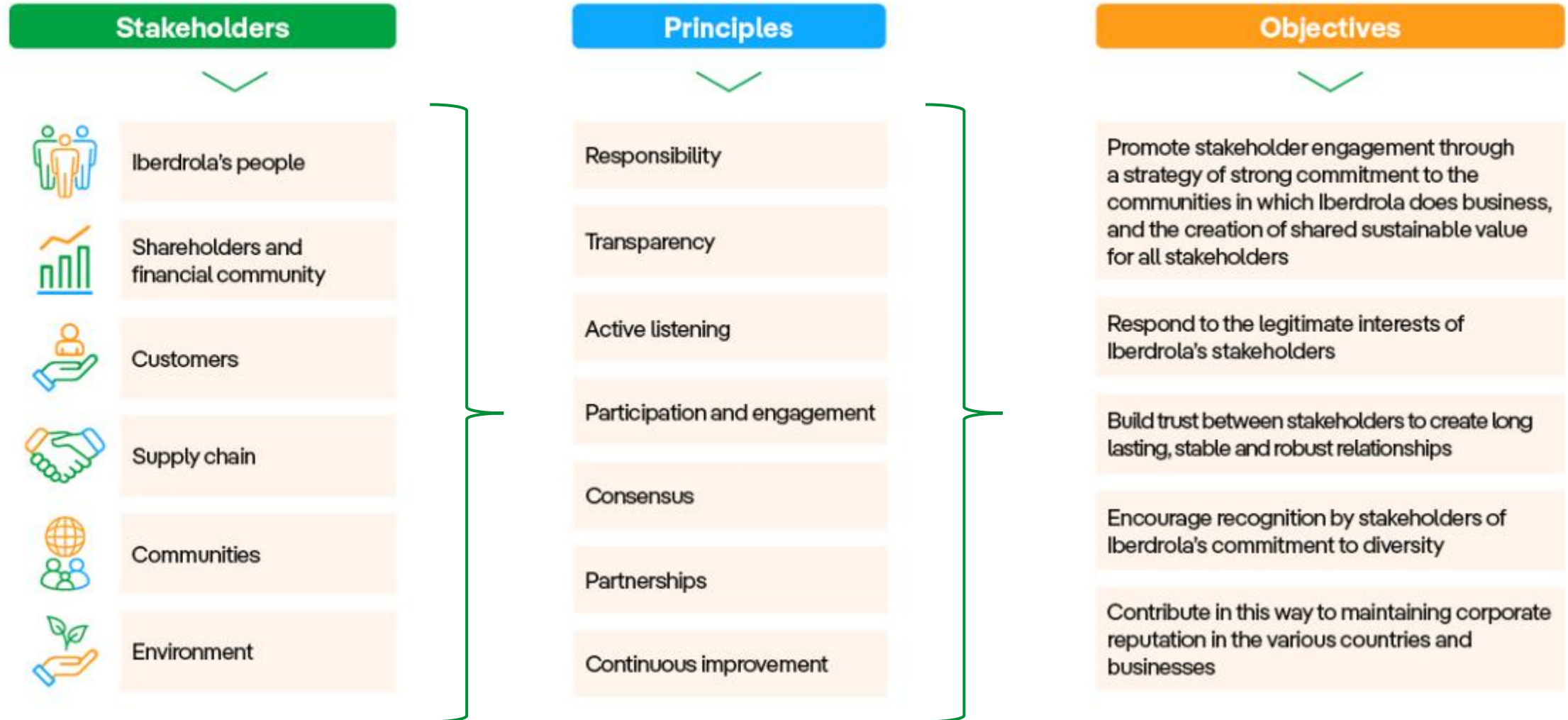
- Distribution customers – Households
- Distribution customers - SMEs/small businesses
- Distribution customers - Big customers and Key Accounts
- Associations and customer organizations
- Professional associations
- Self-generation Developers
- Vulnerable customers
- Partners and strategic alliances

Customers (Renewable Business)

- Partners and strategic alliances

Stakeholder Engagement Policy

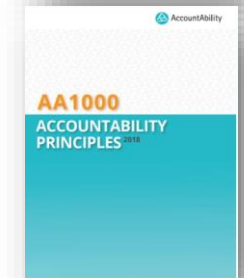
The [Stakeholder Engagement Policy](#) sets out the 7 principles and objectives on which our relations with our stakeholders are based:



Global Stakeholder Engagement Model

The **Global Stakeholder Engagement Model**, based on the most advanced international standards

Stakeholder engagement model ensuring a process of continual improvement



Global Stakeholder Engagement Model

=

Reflection process on the relationship that we have with an entity

Stakeholder engagement model ensuring a process of continual improvement



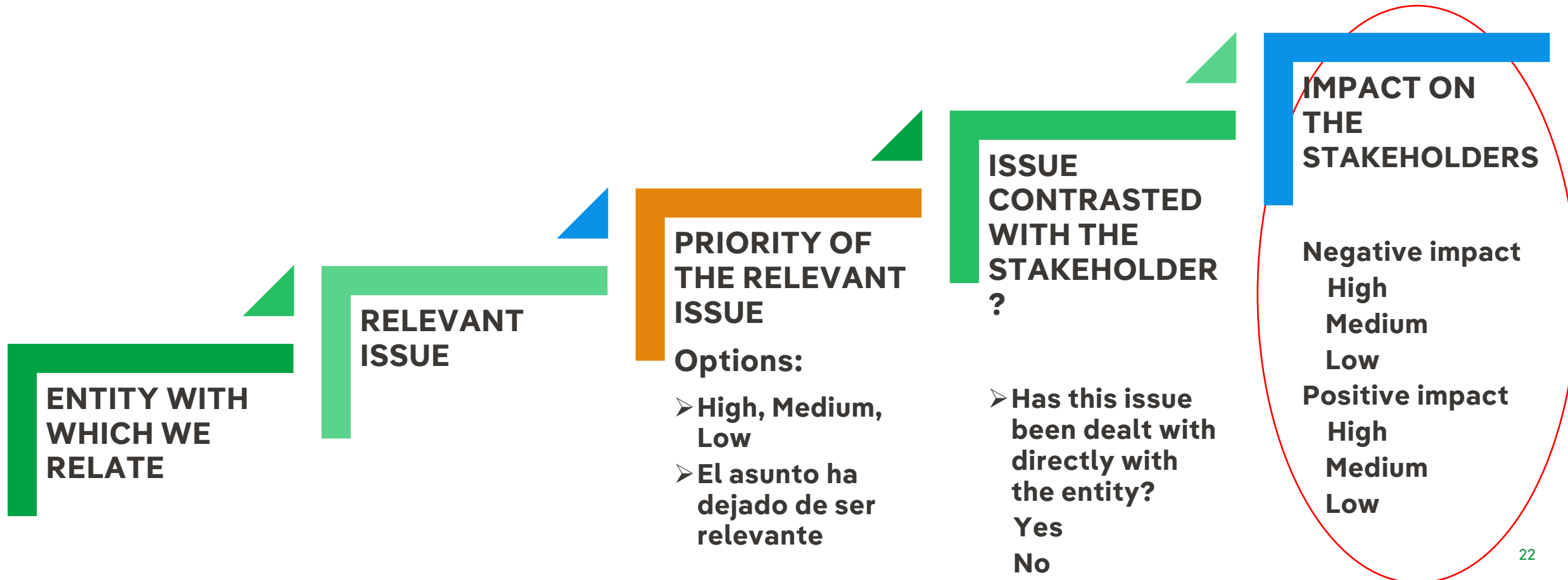
- ✓ Clearly identify the **ENTITIES** you relate with.
- ✓ Reflect on whether the communication **CHANNELS** are the most appropriate for the level of relationship we have or want to have with them.
- ✓ Conduct a good analysis of the relevant **ISSUES**
 - Special attention to changing stakeholder expectations &
 - **IMPACTS** on Stakeholders.
- ✓ Rigorously assess all **OPPORTUNITIES** and the associated **RISKS**
 - Special attention to **reputational risks**.
- ✓ Develop good **ACTION PLANS**
 - Special attention to the impacts of our plans.
- ✓ Detect **FUTURE TRENDS** that allow us to anticipate what is to come and **GOOD PRACTICES** to share within the Iberdrola Group.

Impact concept



Impact definition:

The **effect** the organization has or could have **on the economy, environment, and people**, including on their human rights, which in turn can **indicate its contribution (negative or positive) to sustainable development**



Positive and Negative Impact - Examples



Iberdrola People

Relevant issue:
Work flexibility measures

Impact: Positive



Shareholders and Financial Community

Relevant Issue:
Rise in the share price

Impact: Positive



Customers

Relevant Issue:
Access to affordable energy

Impact: Positive



Supply Chain

Relevant Issue:
Failure to comply with ESG clauses

Impact: Negative



Communities

Relevant Issue:
Traffic restrictions or increased traffic due to facility activity

Impact: Negative



Environment

Relevant Issue:
Biodiversity - Destruction of habitats in the construction of production plants

Impact: Negative

Where do we implement the Model?



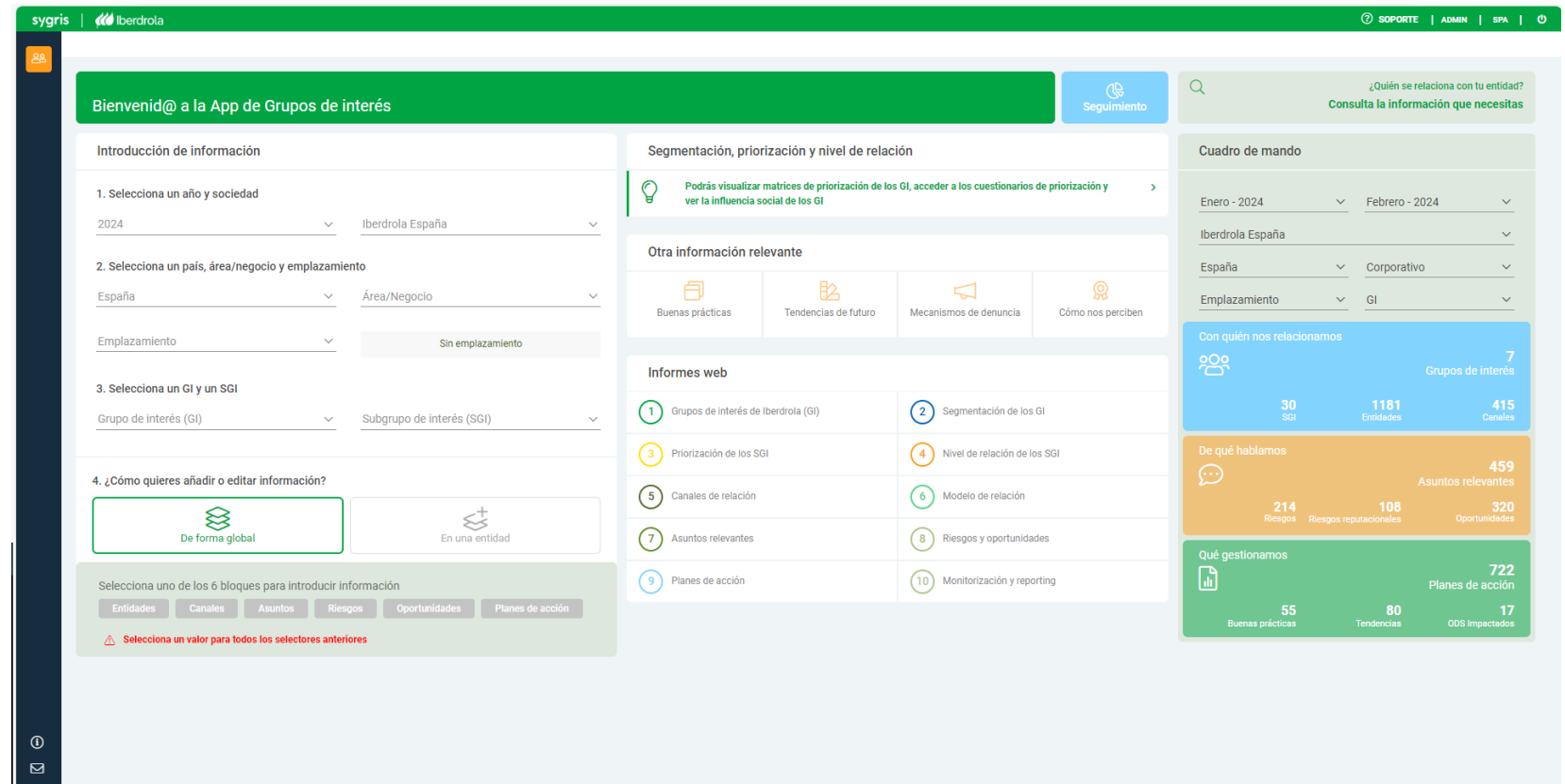
App for the implementation of the Global Stakeholder Engagement Model

The Model is implemented in an **online application** on Iberdrola's Sygris platform in three languages (Spanish, English and Portuguese)

https://iberdrolarsc.sygris.com/page_gi_v2/home_iberdrola

Tool for:

- Day-to-day management
- Annual Reporting
- Analysis



The screenshot displays the Iberdrola Sygris platform interface for stakeholder engagement management. The interface is organized into several sections:

- Header:** sygris | Iberdrola | SOPORTE | ADMIN | SPA |
- Navigation:** Bienvenid@ a la App de Grupos de interés, Seguimiento, and a search bar with the text "¿Quién se relaciona con tu entidad? Consulta la información que necesitas".
- Form Section (Left):** "Introducción de información" with four steps:
 1. Selección de año y sociedad: 2024, Iberdrola España
 2. Selección de país, área/negocio y emplazamiento: España, Área/Negocio, Emplazamiento (Sin emplazamiento)
 3. Selección de un GI y un SGI: Grupo de interés (GI), Subgrupo de interés (SGI)
 4. ¿Cómo quieres añadir o editar información?: De forma global, En una entidad
- Segmentación Section (Middle-Right):** "Segmentación, priorización y nivel de relación" with a tip: "Podrás visualizar matrices de priorización de los GI, acceder a los cuestionarios de priorización y ver la influencia social de los GI".
- Otra información relevante (Middle-Right):** Buttons for Buenas prácticas, Tendencias de futuro, Mecanismos de denuncia, and Cómo nos perciben.
- Informes web (Middle-Right):** A grid of 10 items:
 1. Grupos de interés de Iberdrola (GI)
 2. Segmentación de los GI
 3. Priorización de los SGI
 4. Nivel de relación de los SGI
 5. Canales de relación
 6. Modelo de relación
 7. Asuntos relevantes
 8. Riesgos y oportunidades
 9. Planes de acción
 10. Monitorización y reporting
- Cuadro de mando (Right):** A dashboard with filters for Enero - 2024, Febrero - 2024, Iberdrola España, España, Corporativo, and Emplazamiento GI. It displays key metrics:
 - Con quién nos relacionamos: 7 Grupos de interés, 30 SGI, 1181 Entidades, 415 Canales
 - De qué hablamos: 459 Asuntos relevantes, 214 Riesgos, 108 Riesgos reputacionales, 320 Oportunidades
 - Qué gestionamos: 722 Planes de acción, 55 Buenas prácticas, 80 Tendencias, 17 ODS Impactados
- Footer:** "Selecciona uno de los 6 bloques para introducir información" with buttons for Entidades, Canales, Asuntos, Riesgos, Oportunidades, and Planes de acción. A warning message: "Selecciona un valor para todos los selectores anteriores".

Why do we implement the Global Stakeholder Engagement Model?





1. To comply with our **Governance and Sustainability System**

- Purpose
- By Laws
- Corporate Policies
- Policy on Stakeholder Engagement:

“The country subholding companies and the head of business companies are responsible for implementing the strategy regarding Stakeholder engagement and the Global Engagement Model”

2. To respond to the **Board of Directors requests in this field**

- Priority of the Sustainable Development Committee

“Monitoring of long-term relationships with Stakeholders: workforce, customers, suppliers, investors, media, regulatory agencies and society in general”

3. To comply with present and future local/global regulatory (or similar) requirements

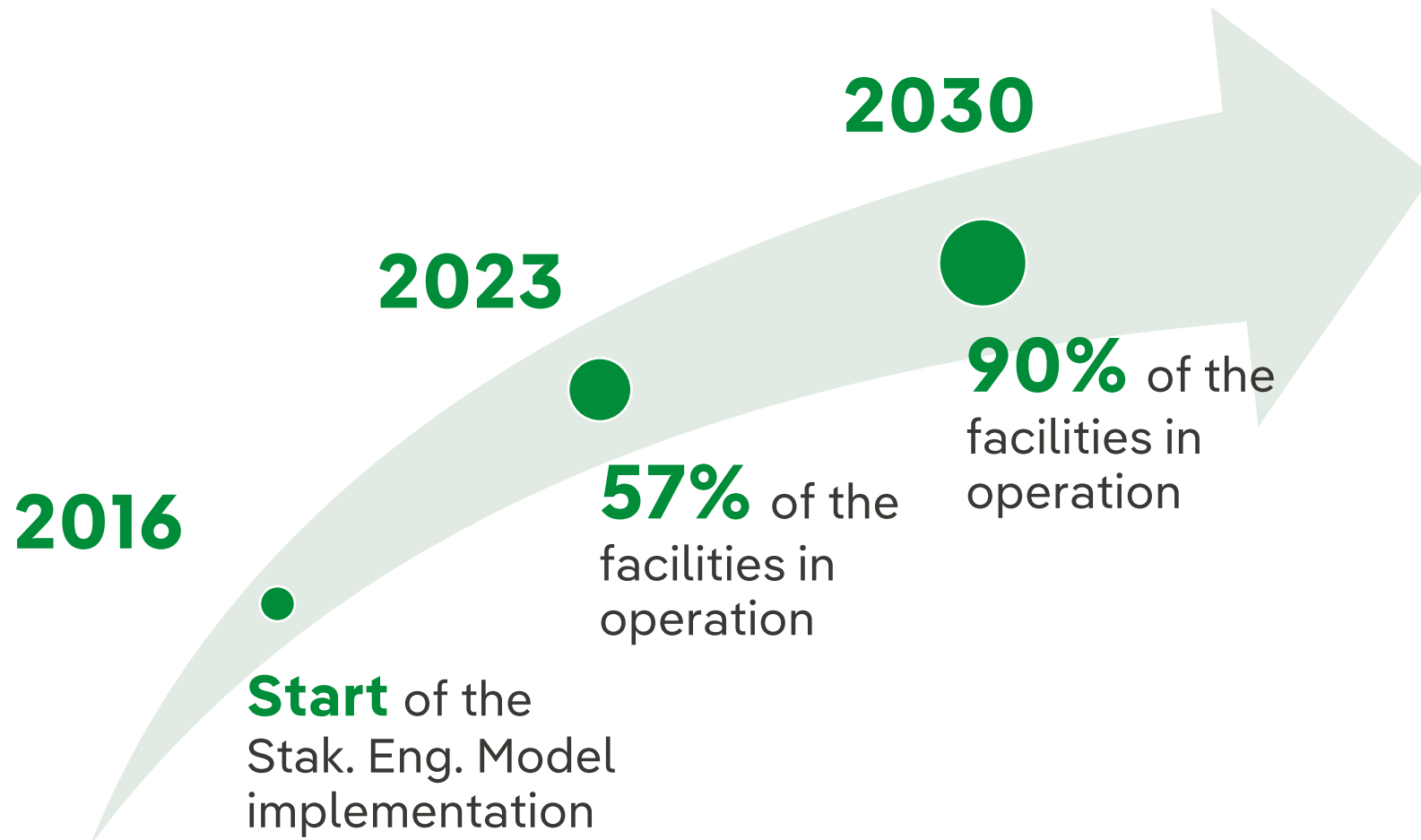


- Code of Good Governance of listed companies of the CNMV
(National Securities Market Commission is the body responsible for the supervision and inspection of Spanish securities markets)
- Non-financial information requirements
 - ✓ GRI
 - ✓ IIRC
 - ✓ TCFD
 - ✓ *New European standards EFRAG*
- Sustainability indexes requirements
 - ✓ DJSI
 - ✓ Ethisphere

4. ESG Stakeholder Target



Formal Stakeholder engagement process at facility level





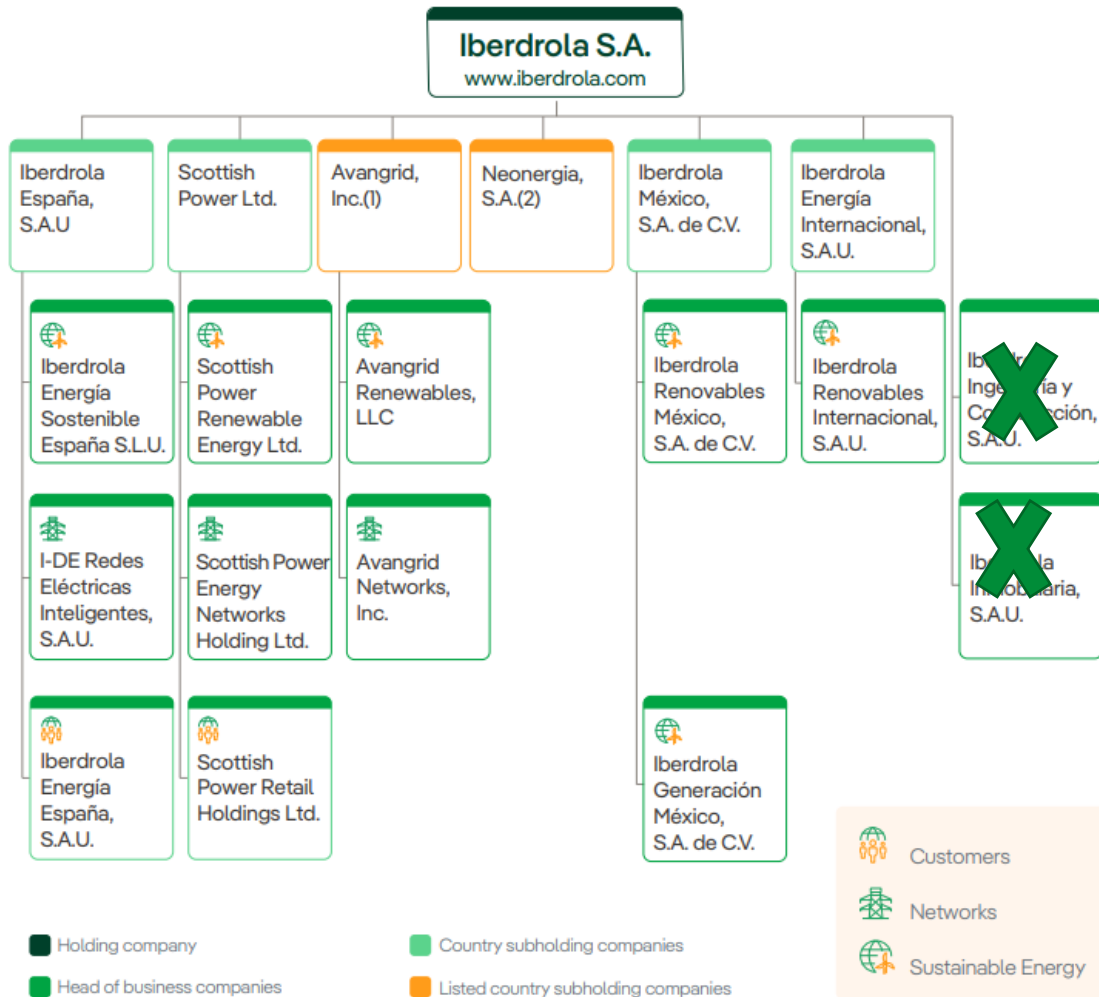
1. To **better manage** our Stakeholders and **make better decisions**
2. To **contribute** to **management systems (ISOs)**
3. To **strengthen** the presentations of **Iberdrola projects** in the institutions
4. To **share best practices** inside the Group: **Iberdrola Stakeholders' Hub**
5. To **better understand the impacts** of relevant issues on the SDGs
6. To **identify new trends**

Scope of the Stakeholder Engagement model

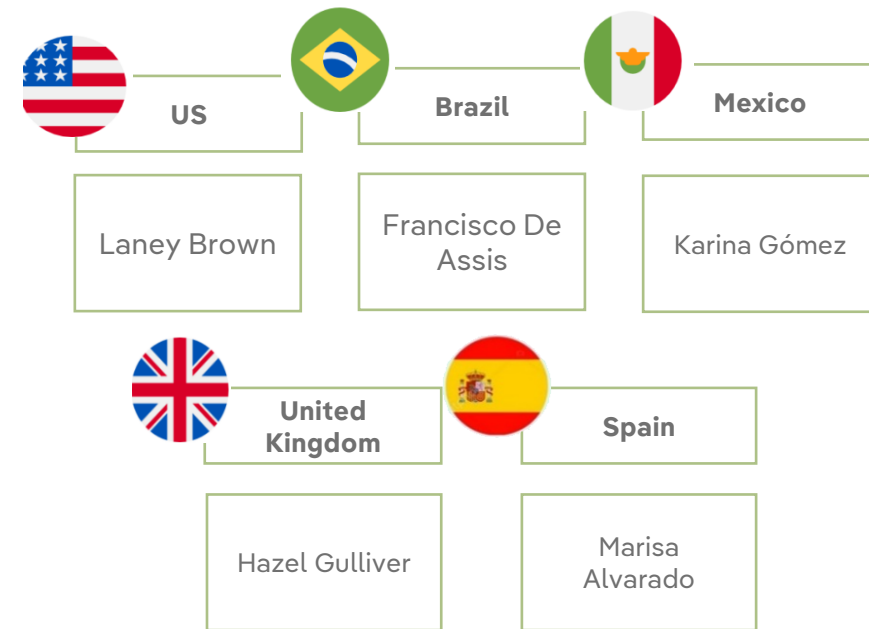


Implementation of the Global Stakeholder Engagement Model

The Model is implemented, with different intensity, in the management of the Stakeholders of **18 companies** of the Iberdrola Group



More than 300 colleagues involved in this project around the world



Stakeholder Engagement Model Ambassadors

1 Avangrid, Inc. is 81.50% owned by Iberdrola, S.A.
2 Neonergía, S.A. is 50% + 1 share indirectly owned by Iberdrola, S.A.

... and in more than **365 facilities** of the three businesses



Renewable Business:

Implementation at:

- Regional level: Onshore wind and photovoltaic technologies + batteries.
- Facility level: Offshore technology

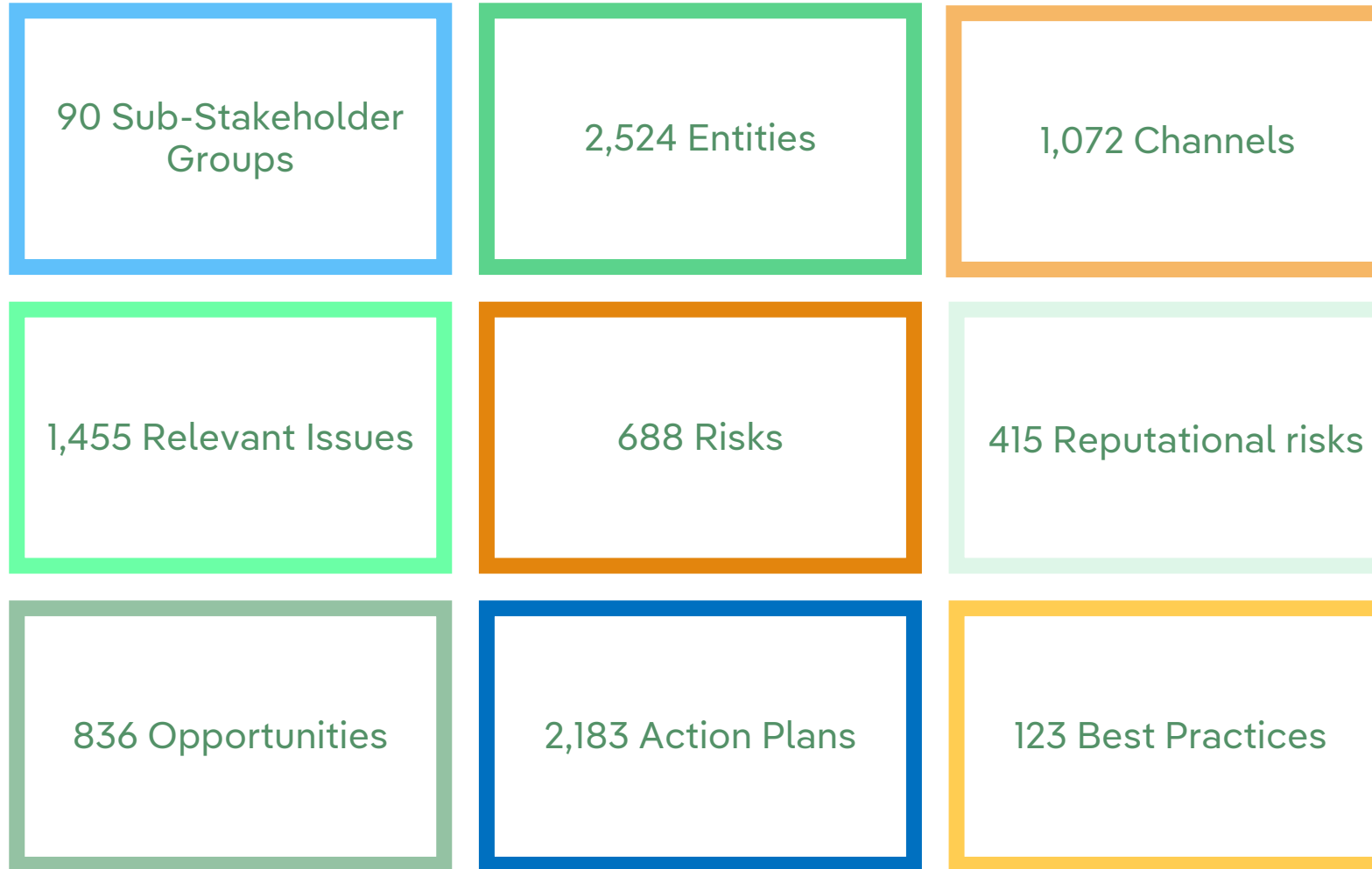
Networks Business:

The Model is implemented at the distribution company level



Liberalized/Customer Business:

Implementation at facility level

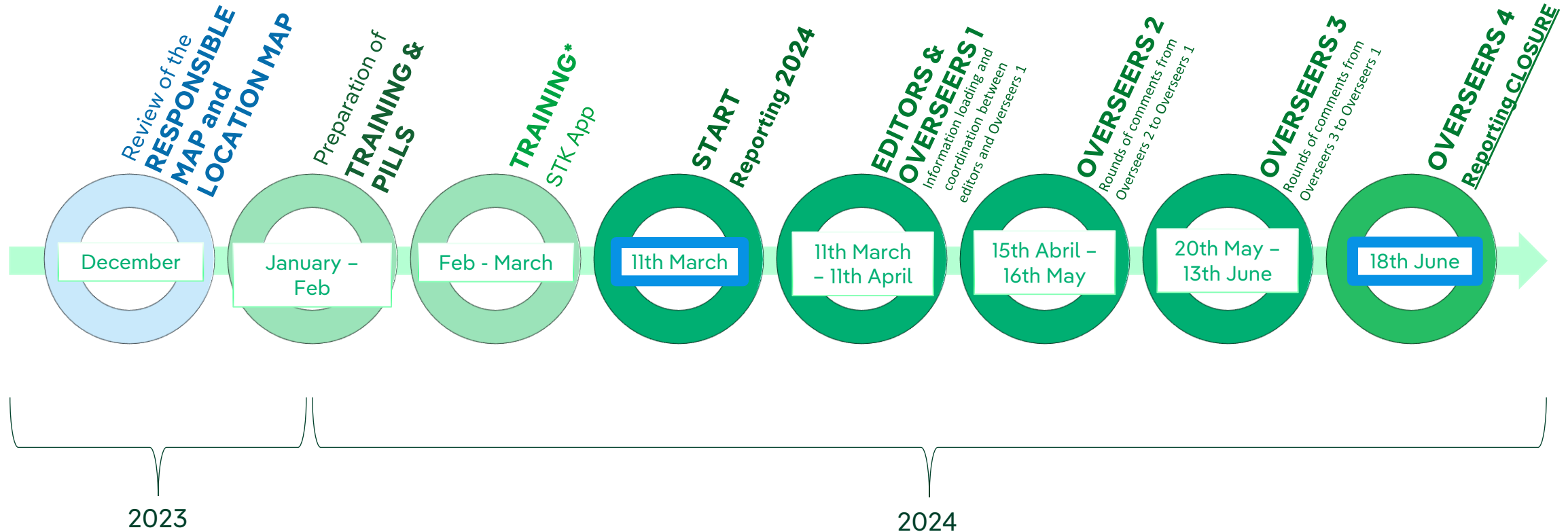


*Datos reportados en 2023

2024 Stakeholder Engagement Reporting Calendar

2024 Calendar

Model implementation during the period: March 1, 2023, to March 1, 2024



* TRAINING: DATES by country and in collaboration with Ambassadors (Overseers 2)



ANNEXES

1. The information will refer to March 2024 (real time)
2. The philosophy of this Model is to report at the Entity level, not at the Sub-Stakeholder level (there are some limited exceptions)
3. It is necessary to complete the entire process, from the communication channels with an entity to the action plans
4. The tool now includes the information reported in previous years, BUT you must activate or deactivate it
5. **OBJECTIVE: QUALITY AND UP-TO-DATE INFORMATION**

Relevant issues. IMPACT ON THE STAKEHOLDERS



Pending the change of expectations

Issues related to:

- Corporate governance
- Sectoral regulation
- Economic and financial
- Labour
- Customer Relations
- Supply Chain
- Environment and sustainability
- Innovation and new technologies
- Relationship with local communities
- Operation of the facilities

Relevant issues and SDGs

RELEVANT ISSUE

PRIORITY OF THE RELEVANT ISSUE

Options:

- High, Medium, Low
- El asunto ha dejado de ser relevante

ISSUE CONTRASTED WITH THE STAKEHOLDER ?

- Has this issue been dealt with directly with the entity?
Yes
No

NEW

IMPACT ON THE STAKEHOLDER S

Negative impact
High
Medium
Low
Positive impact
High
Medium
Low



Aligned with the Group's Risk Policy

Risks related to:

- Corporate governance
- Market
- Credit
- Financial
- Regulators and politicians
- Operational
- Technology and cybersecurity
- Social
- Environment
- Legal and tax

RELEVANT ISSUE

RISK

PROBABILITY x SEVERITY = RISK VALUATION

- Critical
- High
- Medium
- Low

PROBABILITY

➤ Probability of risk materialization

- Very high >90%
- High 60-90%
- Medium 30-60%
- Low <30%

SEVERITY (scale, scope, irremediability)

➤ Severity that the materialization of the risk would have on the objectives and strategy of the Company

- Critical
- High
- Medium
- Low

REPUTATIONAL

➤ ¿May have the risk a reputational impact?

- Yes
- No



Opportunities related to the improvement of Corporate Governance (including ethics, transparency...); achievement of the strategy; economic performance or market capitalization; human team and its involvement with the Company....

RELEVANT ISSUE

OPPORTUNITY

**PROBABILITY x
INTEREST =
OPPORTUNITY
VALUATION**

- Very high
- High
- Medium
- Low

PROBABILITY

- Very high >90%
- High 60-90%
- Medium 30-60%
- Low <30%

**INTEREST (scale,
scope)**

- Very high
- High
- Medium
- Low

NEW