

# Annual Corporate Governance Report

Financial Year 2021



**ANNUAL CORPORATE GOVERNANCE REPORT  
OF LISTED PUBLIC LIMITED COMPANIES**

**ISSUER IDENTIFICATION DETAILS**

YEAR END-DATE

31/12/2021

**TAX IDENTIFICATION  
CODE (C.I.F.) A-48010615**

Company name: IBERDROLA, S.A.

Registered office: Plaza Euskadi número 5  
48009 Bilbao - Biscay - Spain



**ANNUAL CORPORATE GOVERNANCE REPORT  
OF LISTED PUBLIC LIMITED COMPANIES**

**A OWNERSHIP STRUCTURE**

A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

No

Yes

Date of the last modification of the share capital	Share capital	Number of shares	Number of voting rights (not including additional loyalty-attributed votes)
30/07/2021	4,774,566,000	6,366,088,000	6,366,088,000

Observations
On 3 February 2022, the share capital was increased to €4,828,172,250, represented by 6,437,563,000 ordinary shares having a nominal value of €0.75 each, belonging to a single class and series, which are fully subscribed and paid up.

Indicate whether there are different classes of shares with different associated rights:

Yes

No

A.2 List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% of voting rights attached to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
BLACKROCK, INC.	0.00	5.14	0.00	0.02	5.16
NORGES BANK	3.36	0.00	0.00	0.00	3.36
QATAR INVESTMENT AUTHORITY	0.00	8.69	0.00	0.00	8.69

Observations

Data at 31/12/2021.

According to available information, the approximate breakdown of the interests in the share capital by type of shareholder is as follows:

- Foreign investors 69.25%
- Domestic entities 8.53%
- Domestic retail investors 22.22%

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares (including votes for loyalty)	% of voting rights through financial instruments	% of total voting rights
BLACKROCK, INC.	BLACKROCK GROUP	5.14	0.02	5.16
QATAR INVESTMENT AUTHORITY	QATAR HOLDING LLC	6.26	0.00	6.26
QATAR INVESTMENT AUTHORITY	DIC HOLDING LLC	2.43	0.00	2.43

Indicate the most significant changes in the shareholder structure during the year:

Name or company name of shareholder	Type of movement	Description of movement
NORGES BANK	21/06/2021	Interest decreased to below 3%
NORGES BANK	28/06/2021	Interest increased to above 3%
NORGES BANK	29/06/2021	Interest decreased to below 3%
NORGES BANK	12/07/2021	Interest increased to above 3%

**Most significant movements**

The sources of the information provided are the notices sent by the shareholders to the CNMV and to the Company itself, the information contained in their respective annual reports and press releases, and the information that the Company obtains from Iberclear.

Pursuant to the provisions of Section 23.1 of Royal Decree 1362/2007 of 19 October, further developing Law 24/1988 of 28 July on the Securities Market, in connection with the transparency requirements relating to the information on issuers whose securities have been admitted to trading on an official secondary market or other regulated market in the European Union, it is deemed that the holder of a significant interest is a shareholder holding at least 3% of voting rights.

A.3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A.2 above:

Name or company name of director	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR JUAN MANUEL GONZÁLEZ SERNA					0.01		
MS MARÍA HELENA ANTOLÍN RAYBAUD							
MS SARA DE LA RICA GOIRICELAYA							
MR FRANCISCO MARTÍNEZ CÓRCOLES	0.01				0.01		
MR XABIER SAGREDO ORMAZA							
MR MANUEL MOREU MUNAIZ							
MR JOSÉ IGNACIO SÁNCHEZ GALÁN	0.14	0.06			0.20		
MR IÑIGO VÍCTOR DE ORIOL IBARRA	0.02				0.02		
MR ANTHONY L. GARDNER							
MS NICOLA MARY BREWER							
MS REGINA HELENA							

JORGE NUNES							
MR ÁNGEL JESÚS ACEBES PANIAGUA							
MS MARÍA ÁNGELES ALCALÁ DÍAZ							
MS ISABEL GARCÍA TEJERINA							

<b>Total percentage of voting rights held by the Board of Directors</b>	0.25
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<b>Observations</b>
<p>Pursuant to the provisions of the 2017-2019 Strategic Bonus approved at the General Shareholders' Meeting and the evaluation by the Board of Directors, after a report from the Remuneration Committee, of the level of achievement of the objectives to which it is linked, the chairman &amp; CEO may receive up to a maximum of 1,900,000 shares for his performance during the 2017-2019 period, to be paid, if appropriate, in three equal parts in 2020 (already paid), 2021 (already paid) and 2022. The former Business CEO may receive a maximum of 300,000 shares, to be paid, if appropriate, in three equal parts in 2020 (already paid), 2021 (already paid) and 2022.</p> <p>Each of the deliveries of shares is subject to confirmation by the Board of Directors, after a report from the Remuneration Committee, that the circumstances on which the performance evaluation was based remain in effect.</p> <p>A new Strategic Bonus for the 2020-2022 period was approved by the shareholders at the General Shareholders' Meeting held on 2 April 2020. Pursuant thereto, the chairman &amp; CEO may receive up to a maximum of 1,900,000 shares based on the evaluation of the Company's performance during said period, to be paid, if appropriate, in 2023, 2024 and 2025. Mr Francisco Martínez Córcoles may receive up to a maximum of 300,000 shares.</p>

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote

List the total percentage of voting rights represented on the board:

<b>Total percentage of voting rights held by the Board of Directors</b>	0.25
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A.4 If applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in section A.6:

<b>Name or company name of related party</b>	<b>Nature of relationship</b>	<b>Brief description</b>
No data		

A.5 If applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are insignificant or arise in the ordinary course of business:

<b>Name or company name of related party</b>	<b>Nature of relationship</b>	<b>Brief description</b>
No data		

A.6 Unless insignificant for both parties, describe the relationships that exist between significant shareholders, shareholders represented on the Board and directors or their representatives in the case of directors that are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

<b>Name or company name of related director or representative</b>	<b>Name or company name of related significant shareholder</b>	<b>Company name of the group company of the significant shareholder</b>	<b>Description of relationship / post</b>
No data			

<b>Observations</b>
There are no directors appointed on behalf of significant shareholders or directors connected thereto or proposed by them for appointment.



A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes  No

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes  No

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

A.8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

Yes  No

A.9 Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
82,915,340		1.30

(\*) Through:

Name or company name of direct shareholder	Number of direct shares
No data	
<b>Total:</b>	

Explain any significant changes during the year:

Explain significant changes
<p>The Company sent to the CNMV three updates to its treasury share position during financial year 2021 as a result of a change in the number of voting rights arising from corporate transactions:</p> <ul style="list-style-type: none"> <li>On 10 February notices were provided of direct acquisitions of a total of 10,835,446 shares (0.169%), coinciding with the increase in capital resulting from the "Iberdrola Retribución Flexible" programme.</li> <li>On 7 July notices were provided of direct acquisitions of a total of 35,802,235 shares (0.574%), coinciding with the reduction in capital carried out.</li> </ul>

- On 30 July notices were provided of direct acquisitions of a total of 4,611,792 shares (0.072%), coinciding with the increase in capital resulting from the “Iberdrola Retribución Flexible” programme.
- During financial year 2021 the Company also provided three more notices arising from consecutive direct acquisitions of own shares due to said acquisitions exceeding 1% of voting rights since the preceding notice:
- On 4 January the Company notified the CNMV of direct acquisitions of a total of 80,216,494 own shares (1.263%).
- On 22 April notice was provided of direct acquisitions of a total of 64,181,755 shares (1.000%); and
- On 23 December notice was provided of direct acquisitions of a total of 66,426,270 shares (1.043%).

A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

The shareholders acting at the General Shareholders’ Meeting held on 13 April 2018 resolved to expressly authorise the Board of Directors, with the power of substitution, pursuant to the Companies Act (*Ley de Sociedades de Capital*), to carry out the derivative acquisition of shares of Iberdrola on the following terms:

- Purchases may be made by Iberdrola directly, or indirectly through its subsidiaries. Subsidiaries carrying out regulated activities are excluded pursuant to the provisions of the Electricity Industry Act (*Ley del Sector Eléctrico*) and the Hydrocarbons Act (*Ley de Hidrocarburos*).
- Purchases will be made using purchase/sale or swap transactions or any other means allowed by law.
- Purchases may be made up to the maximum sum permitted by law (i.e. 10% of the share capital).
- Purchases may not be made at a higher price than that quoted on the Stock Exchange or at a price lower than the share’s nominal value.
- The authorisation was granted for a period not to exceed five years as from the approval of the resolution.
- As a result of the acquisition of shares, including those that the Company or the person acting in their own name but on behalf of the Company has previously acquired and holds in treasury, the resulting shareholders’ equity cannot decrease to below the amount of the share capital plus the restricted reserves required under law or the by-laws.

The shares, if any, purchased as a result of the aforementioned authorisation could be used for either transfer or retirement or could be applied to the remuneration systems provided for in the Companies Act; added to the foregoing alternatives was the possible development of programmes fostering the acquisition of interests in the Company, such as, for example, dividend reinvestment plans, loyalty bonuses or similar instruments.

Furthermore, at the General Shareholders’ Meeting held on 2 April 2020, the shareholders resolved to authorise the Board of Directors to increase share capital

upon the terms and within the limits set forth in Section 297.1.b) of the Companies Act. It was also authorised to issue debentures exchangeable for and/or convertible into shares and warrants in an amount of up to €5,000 million within a period of 5 years. Both authorisations included the power to exclude preemptive rights up to an overall maximum nominal amount of 10% of the share capital.

A.11 Estimated float:

	%
<b>Estimated float</b>	81.24%

A.12 Indicate whether there are any restrictions (articles of incorporation, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes  No

Description of restrictions
<p>Those having an interest equal to or greater than 3% of the capital or voting rights of two or more companies that have the status of principal operator in certain markets or sectors (including the generation and supply of electricity) may not exercise rights in excess of such percentage in more than one entity.</p> <p>Article 29.2 of the By-Laws provides that no shareholder may cast a number of votes greater than those corresponding to shares representing 10% of the share capital.</p> <p>According to Article 28, affected shareholders may not exercise their right to vote at the General Shareholders' Meeting if the resolution to be approved is intended to: (a) relieve the shareholder of an obligation or grant the shareholder a right; (b) provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof; (c) release the shareholder, if a director, from obligations arising from the duty of loyalty as provided by law; or (d) approve a related-party transaction that affects the shareholder, unless the corresponding proposed resolution has been approved in accordance with the provisions of law.</p> <p>Article 50 of the By-Laws provides that the by-law restrictions against the exercise of voting rights by shareholders affected by conflicts of interest established in Article 28 above and the limitation on the maximum number of votes that may be cast by a single shareholder contained in sections 2 and 4 of Article 29 above shall be deprived of effect upon the occurrence of certain circumstances in the case of a takeover bid.</p> <p>Furthermore, Section 527 of the Companies Act provides that at listed companies (<i>sociedades anónimas cotizadas</i>), the by-law provisions that directly or indirectly set, as a general rule, the maximum number of votes that may be cast by a single shareholder, by the companies belonging to the same group or by those acting in concert with the foregoing shall be of no effect when, following a takeover bid, the bidder has reached a percentage that is equal to or greater than 70% of the voting share capital, unless such bidder is not subject to equivalent breakthrough measures or has not adopted them.</p>

Pursuant to U.S. law, due to the business carried out by Avangrid, Inc. (a company belonging to the Iberdrola group) in that country, the acquisition of an interest giving rise to the holding of 10% or more of the share capital of Iberdrola will be subject to the prior approval of certain U.S. regulatory authorities.

Pursuant to Australia's Foreign Acquisitions and Takeovers Act 1975 (Cth) (FATA), the acquisition of an interest in at least 20% of the share capital of Iberdrola by a person, alone or with one or more associates, requires approval by the Australian Treasurer, due to the Iberdrola group's ownership of Infigen Energy and other Australian renewable energy assets. Furthermore, the Australian Treasurer also has powers under the FATA in certain circumstances if prior approval is not obtained where a person alone or with one or more associates acquires an interest in: (i) at least 10% in Iberdrola; (ii) at least 5% of Iberdrola and has entered into a legal arrangement relating to that person's business and Iberdrola or its business; or (ii) any percentage of Iberdrola's share capital, and the person, alone or with one or more associates, is in a position to influence or participate in Iberdrola's central management and control.

Among the measures adopted by the Spanish Government in view of the economic consequences of the COVID-19 pandemic, prior government approval is required for the acquisition of a stake equal to or greater than 10% of the share capital of listed Spanish companies in the energy infrastructure and energy supply sectors, among others (Sect. 7 *bis* of Law 19/2003 of 4 July, introduced by Royal Decree-law 8/2020 of 17 March, and sole transitional provision of Royal Decree-law 34/2020 of 17 November).

A.13 Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.

Yes

No

If so, explain the measures approved and the terms under which such limitations would cease to apply:

A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes

No

If so, indicate each share class and the rights and obligations conferred.

**B GENERAL SHAREHOLDERS' MEETING**

B.1 Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details.

Yes  No

	<b>% quorum different from that established in Article 193 of the Spanish Corporate Enterprises Act for general matters</b>	<b>% quorum different from that established in Article 194 of the Spanish Corporate Enterprises Act for special resolutions</b>
<b>Quorum required at 1st call</b>	0.00	66.67
<b>Quorum required at 2nd call</b>	0.00	60.00

<b>Description of differences</b>
Article 21.2 of the By-Laws increases the quorum required to hold a valid meeting "in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of this section 2", in which case "shareholders representing two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty per cent of such share capital must be in attendance at the second call".

B.2 Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:

Yes  No

	<b>Qualified majority different from that established in Article 201.2 of the Spanish Corporate Enterprises Act for matters referred to by Article 194.1 of said Act</b>	<b>Other matters requiring a qualified majority</b>
<b>% established by the company for the adoption of resolutions</b>	75.00	75.00

<b>Description of differences</b>
Article 52 of the By-Laws provides that all resolutions intended to eliminate or amend the provisions contained in title IV (breakthrough of restrictions in the event of takeover bids), in Article 28 (conflicts of interest), and in sections 2 to 4 of Article 29 (limitation upon the maximum number of votes that a shareholder may cast) shall require the affirmative vote of three-fourths (3/4) of the share capital present in person or by proxy at a General Shareholders' Meeting.

- B.3 Indicate the rules for amending the company’s articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders’ rights in the event of amendments to the articles of incorporation.

In addition to the provisions of Section 285 *et seq.* of the Companies Act, the By-Laws of Iberdrola contain Articles 21.2 (qualified quorum) and 52 (qualified majority) mentioned in sections B.1 and B.2 above.

- B.4 Give details of attendance at General Shareholders’ Meetings held during the reporting year and the two previous years:

Date of general meeting	Attendance data				Total
	% physical presence	% present by proxy	% distance voting		
			Electronic voting	Other	
<b>29/03/2019</b>	9.00	61.40	0.33	3.39	74.12
<b>Of which float:</b>	0.55	61.17	0.33	3.39	65.44
<b>02/04/2020</b>	0.00	69.69	1.53	5.82	77.04
<b>Of which float:</b>	0.00	58.01	1.41	5.82	65.24
<b>18/06/2021</b>	0.00	59.37	0.67	5.79	65.83
<b>Of which float:</b>	0.00	47.63	0.53	5.79	53.95

**Observations**

The **2021 Meeting** was held online without the physical presence of the shareholders, who were able to attend and vote online during the Meeting, as well as to vote prior to the Meeting using the corporate website (votes reflected in the “**Electronic voting**” column). Shareholders were also able to vote remotely prior to the Meeting by telephone, by delivering or sending their absentee voting cards via WhatsApp, email and postal channels, as well as through depositaries and custodians (votes reflected in the “**Other**” column).

The “Other” column also includes absentee votes received through shareholder information desks opened by the Company in 2019. These premises were not activated in 2020 or in 2021.

- B.5 Indicate whether any point on the agenda of the General Shareholders’ Meetings during the year was not approved by the shareholders for any reason.

Yes                       No

- B.6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders’ Meetings, or to vote remotely:

Yes                       No

B.7 Indicate whether it has been established that certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.

Yes

No

B.8 Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

<https://www.iberdrola.com/corporate-governance>

## **C** STRUCTURE OF THE COMPANY'S ADMINISTRATION

### C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the articles of incorporation and the number set by the general meeting:

<b>Maximum number of directors</b>	14
<b>Minimum number of directors</b>	9
<b>Number of directors set by the general meeting</b>	14

C.1.2 Complete the following table on Board members:

<b>Name or company name of director</b>	<b>Representative</b>	<b>Category of director</b>	<b>Position on the board</b>	<b>Date first appointed</b>	<b>Date of last appointment</b>	<b>Election procedure</b>
MR JUAN MANUEL GONZÁLEZ SERNA		Independent	Lead Independent Director	31/03/2017	18/06/2021	Resolution of Shareholders at General Meeting
MS MARÍA HELENA ANTOLÍN RAYBAUD		Independent	Director	26/03/2010	29/03/2019	Resolution of Shareholders at General Meeting
MS SARA DE LA RICA GOIRICELAYA		Independent	Director	29/03/2019	29/03/2019	Resolution of Shareholders at General Meeting
MR FRANCISCO MARTÍNEZ CÓRCOLES		Other external	Director	31/03/2017	18/06/2021	Resolution of Shareholders at General Meeting
MR XABIER SAGREDO ORMAZA		Independent	Director	08/04/2016	29/03/2019	Resolution of Shareholders at General Meeting
MR MANUEL MOREU MUNAIZ		Independent	Director	17/02/2015	29/03/2019	Resolution of Shareholders at General Meeting
MR JOSÉ IGNACIO SÁNCHEZ GALÁN		Executive	Chairman/CEO	21/05/2001	29/03/2019	Resolution of Shareholders at General Meeting
MR IÑIGO VÍCTOR DE ORIOL IBARRA		Other external	Director	26/04/2006	02/04/2020	Resolution of Shareholders at General Meeting



MR ANTHONY L. GARDNER		Independent	2 <sup>nd</sup> Vice-Chair	13/04/2018	13/04/2018	Resolution of Shareholders at General Meeting
MS NICOLA MARY BREWER		Independent	Director	02/04/2020	02/04/2020	Resolution of Shareholders at General Meeting
MS REGINA HELENA JORGE NUNES		Independent	Director	02/04/2020	02/04/2020	Resolution of Shareholders at General Meeting
MR ÁNGEL JESÚS ACEBES PANIAGUA		Independent	Director	20/10/2020	18/06/2021	Resolution of Shareholders at General Meeting
MS MARÍA ÁNGELES ALCALÁ DÍAZ		Independent	Director	26/10/2021	26/10/2021	Interim appointment (co-option)
MS ISABEL GARCÍA TEJERINA		Independent	Director	16/12/2021	16/12/2021	Interim appointment (co-option)

<b>Total number of directors</b>	14
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Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
MR JOSÉ WALFREDO FERNÁNDEZ	Independent	29/03/2019	06/08/2021	Audit and Risk Supervision Committee	YES
MS SAMANTHA BARBER	Other External	02/04/2020	26/10/2021	Sustainable Development Committee	YES

<b>Reason for cessation when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general meeting</b>
Mr José Walfredo Fernández and Ms Samantha Barber resigned because both took up new duties outside of the Company incompatible with the position of director.

Mr José Walfredo Fernández sent a letter to the chairman of the Board of Directors explaining the reasons for his cessation of office. Ms Samantha Barber gave appropriate explanations to all the directors at the 26 October 2021 meeting of the Board of Directors.

C.1.3 Complete the following tables on the members of the Board and their categories:

**EXECUTIVE DIRECTORS**

Name or company name of director	Post in organisation chart of the company	Profile
MR JOSÉ IGNACIO SÁNCHEZ GALÁN	Chairman & CEO	<p>Salamanca, Spain, 1950.</p> <p><u>Other current positions and professional activities</u></p> <p>He is the chairman of the boards of directors of the country subholding companies of the Iberdrola group in the United Kingdom (Scottish Power Ltd.), the United States (Avangrid, Inc., a NYSE-listed company) and Brazil (Neoenergia, S.A., a company listed on the BOVESPA).</p> <p>He is a member of the group of top utility executives of the World Economic Forum (Davos), which he has chaired, of the Steering Committee of the European Round Table of Industrialists and of the J.P. Morgan International Council, and chairman of the Renewable Hydrogen Coalition.</p> <p><u>Academic training</u></p> <p>He graduated as an Industrial Engineer from the Technical Engineering School of Universidad Pontificia Comillas (Madrid).</p> <p>He has received honorary doctorate degrees from the universities of Salamanca, Edinburgh, and Strathclyde (Glasgow). He has been on the faculty of Escuela Técnica Superior de Ingeniería (ICAI), and is currently a visiting professor at the University of Strathclyde, chairman of the Social Council of the University of Salamanca, a member of the Dean’s Advisory Council of the Massachusetts Institute of Technology (MIT) and a trustee of the Comillas-ICAI University Foundation.</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>He has served as chief operating officer of Industria de Turbo Propulsores, S.A. (ITP) and as chairman of the European</p>

		<p>aerospace consortium Eurojet, headquartered in Germany. He has also held various positions at Sociedad Española del Acumulador Tudor, S.A. (now, Exide Group), engaged in the manufacture and sale of batteries.</p> <p><u>Noteworthy experience in other industries</u></p> <p>He has been chief executive officer of Airtel Móvil, S.A. (now, Vodafone España, S.A.U.) and a member of the Supervisory Board of Nutreco Holding N.V., a listed company in The Netherlands, active in the food industry.</p> <p><u>Other information</u></p> <p>Amongst other recognitions, in 2020 he received the Management Leadership Award of the Spanish Association for Quality (AEC) and the Economic Personality of the Year Award from elEconomista. In 2019 he was selected as one of the five best-performing CEOs in the world and the top in the utilities sector by Harvard Business Review, and he was recognised by Bloomberg as one of the 30 most influential leaders in the fight against climate change.</p> <p>That year he also received the National Innovation and Design Award in the Innovative Career category from the Spanish Ministry of Science, Innovation and Universities, an Honourable Mention for his professional career from the Colegio Oficial de Ingenieros Industriales de Madrid, and the designation of Universal Spaniard by Fundación Independiente.</p> <p>In 2018 he was appointed as an Honorary Member of the Spanish Institute of Engineering.</p> <p>In 2017 he was named Best Chief Executive Officer (CEO) within the utilities category (for the eleventh time) by the Institutional Investor Research Group.</p> <p>In 2014 he was distinguished by Queen Elizabeth II with the title Commander of the Most Excellent Order of the British Empire and received the international Responsible Capitalism award from the First Group.</p>
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		<p>In 2011 he was named Best CEO of European utilities and of Spanish listed companies in investors relations, according to the Thomson Extel Survey.</p> <p>In 2008 he was named Business Leader of the Year by the Spain-U.S. Chamber of Commerce and was awarded the 2008 International Economy Prize by Fundación Cristóbal Gabarrón.</p> <p>In 2006 he was named Best CEO of the Year at the Platts Global Energy Awards.</p> <p>He was given the Award for Best CEO in Investor Relations by IR Magazine for three years in a row (2003-2005).</p>
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<b>Total number of executive directors</b>	1
<b>Percentage of Board</b>	7.14

**EXTERNAL PROPRIETARY DIRECTORS**

<b>Name or company name of director</b>	<b>Name or company name of the significant shareholder represented by the director or that nominated the director</b>	<b>Profile</b>
No data		

**EXTERNAL INDEPENDENT DIRECTORS**

<b>Name or company name of director</b>	<b>Profile</b>
MR JUAN MANUEL GONZÁLEZ SERNA	<p>Madrid, Spain, 1955.</p> <p><u>Other current positions and professional activities</u></p> <p>He is the chairman of Cerealto Siro Foods, a business group in the food sector, and a member of the Governing Board of the Spanish Commercial Coding Association (<i>Asociación Española de Codificación Comercial</i>) (AECOC). He is also a member of the board of directors of the HM Hospitales Group. He is chairman of Tuero Medioambiente, S.L. and manager of Tuero Portugal Unipessoal Lda. He is a director of CO2 Revolution, S.L.</p> <p><u>Academic training</u></p> <p>He has a degree in Law, Economics and Business Studies from the Instituto Católico de Administración y Dirección de Empresas (ICADE)</p>

	<p>of the Universidad Pontificia Comillas (Madrid) and a Master's in Business Administration (MBA) from the Escuela de Dirección del Instituto de Estudios Superiores de la Empresa (IESE Business School) of the University of Navarra in Barcelona.</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>He has been an independent director of Iberdrola España, S.A. (Sociedad Unipersonal) and of Iberdrola Renovables, S.A., as well as chair of the Appointments and Remuneration Committee of the latter company.</p> <p><u>Noteworthy experience in other industries</u></p> <p>He is a member of the advisory board of Rabobank in Spain and Europe and has been a member of the board of Banco Urquijo Sabadell Banca Privada, S.A. and of Sociedad para el Desarrollo Industrial de Castilla y León, Sociedad de Capital Riesgo, S.A. (SODICAL, now Ade Capital Social, Sociedad de Capital Riesgo de Régimen Común, S.A.).</p> <p>He is a founding trustee and chairman of Fundación Grupo SIRO as well as a member of the Executive Committee and trustee of Fundación SERES, an honorary member of the General Assembly of the Spanish Paralympics Committee, a trustee of the Fundación Casa Ducal de Medinaceli, and honorary president of Empresa Familiar de Castilla y León.</p>
MS MARÍA HELENA ANTOLÍN RAYBAUD	<p>Toulon, France, 1966.</p> <p><u>Other current positions and professional activities</u></p> <p>She is vice-chair of the Board of Directors and member of the Management Committee of Grupo Antolín Irausa, S.A. She is also a member of the Management Board of the Spanish Association of Automotive Equipment and Component Manufacturers (<i>Asociación Española de Fabricantes de Equipos y Componentes para Automoción</i>) (Sernauto), vice president of the Excellence in Management Club (<i>Club de Excelencia en la Gestión</i>), a member of the Madrid and Central Spain Territorial Advisory Board of SabadellUrquijo Banca Privada, a member of the Executive Committee of the Spanish Confederation of Business Organisations (<i>Confederación Española de Organizaciones Empresariales</i>) (CEOE), a board member of France Foreign Trade (<i>Comercio Exterior de Francia</i>), Spain section, and a member of the Plenary Committee of the Spanish Chamber of Commerce.</p> <p><u>Academic training</u></p>

	<p>Degree in International Business and Business Administration from Eckerd College, St. Petersburg, Florida (United States), and a Master of Business Administration from Anglia University, Cambridge (United Kingdom) and from Escuela Politécnica de Valencia (Spain).</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>She has served as an external independent director of Iberdrola Renovables, S.A. and a member of its Related-Party Transactions Committee.</p> <p>She has been in charge of the corporate Industrial and Strategy Divisions of Grupo Antolín Irausa, S.A., where she has also been a director of Human Resources and the head of Total Quality.</p> <p><u>Noteworthy experience in other industries</u></p> <p>She has been a member of the Advisory Board of SabadellUrquijo Banca Privada.</p>
MS SARA DE LA RICA GOIRICELAYA	<p>Bilbao, Spain, 1963.</p> <p><u>Other current positions and professional activities</u></p> <p>She is a director of Fundación ISEAK (Initiative for Socio-economic Analysis and Knowledge), a member of the Think Tank of AMETIC (<i>Asociación Multisectorial de Empresas de la Electrónica, las Tecnologías de la Información y la Comunicación, de las Telecomunicaciones y de los Contenidos Digitales</i>), and an honorary member of the Spanish Economics Association (<i>Asociación Española de Economía</i>).</p> <p>She is also an associate researcher for CreAM (Centre for Research and Analysis of Migration - University College of London) and IZA (Institute of Labor Economics - Bonn).</p> <p>She is a member of the Economic Affairs Advisory Council, which advises the First Vice-President of the Government of Spain and Minister for the Economy and Digital Transformation, as well as member of the Advisory Commission to the Ministry of Work and Social Economy on the matter of Minimum Interprofessional Salary.</p> <p><u>Academic training</u></p> <p>With a PhD in Economics from the University of the Basque Country and currently a professor at this institution, she has dedicated a large portion of her professional life to the study of and search</p>

	<p>for solutions on issues such as immigration, the labour market, gender equality and poverty.</p> <p>She regularly publishes academic articles in domestic and international magazines dealing with economic issues, mainly related to labour, participates in conferences and seminars, and supervises graduate students in their dissertations.</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>She has been a member of the Appointments Committee of Iberdrola, S.A. She has also been an independent director of Iberdrola España, S.A. (Sociedad Unipersonal), the country subholding company of the energy businesses in Spain.</p> <p><u>Noteworthy experience in other industries</u></p> <p>She has been president of the European Society for Population Economics and a member of its Executive Committee, chair of the Committee on the Situation of Women in Economics (COSME), and a member of the Economic and Social Council (CES). She has also been the secretary of the Spanish Economics Association (AEE).</p> <p>She has also been a member of the Scientific Advisory Board of Fundación Gadea and of the Scientific Committee of the Basque Institute for the Evaluation of the Educational System (IVEI-ISEI). Furthermore, she has been a member of the Board of Directors of Basquetour, Turismoaren Euskal Agentzia, Agencia Vasca de Turismo, S.A., a government-owned company of the Department of Tourism, Trade and Consumption of the Basque Government, created to lead the promotion and implementation of the competitiveness strategy of Basque tourism.</p> <p>She has worked on editorial boards and/or research project review boards.</p> <p>In 2018 she was given the “2018 Basque Economist Award” (<i>Ekonomistak Saria 2018</i>) by the Basque Association of Economists (<i>Colegio Vasco de Economistas</i>).</p>
MR XABIER SAGREDO ORMAZA	<p>Portugalete, Spain, 1972.</p> <p><u>Other current positions and professional activities</u></p> <p>He is chair of the Board of Trustees of Bilbao Bizkaia Kutxa Fundación Bancaria-Bilbao Bizkaia Kutxa Banku Fundazioa and of BBK Fundazioa. He is also a trustee of the Biocruces Sanitary Research Institute, of the Bilbao Museum of Fines Arts and of the Guggenheim Museum</p>

	<p>Foundation, at which he also serves as a member of the Executive Committee.</p> <p>He is a member of the Board of Directors of the Orkestra Basque Institute of Competitiveness and of the Management Council of Universidad de Deusto, and is a visiting professor at various institutions.</p> <p><u>Academic training</u></p> <p>Degree in Economics and Business from Universidad del País Vasco, with a major in Finance, holder of postgraduate degrees in various areas, and certified training in information technology risks.</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>He has been a director of Iberdrola Generación, S.A. (Sociedad Unipersonal) and a member of its Audit and Compliance Committee.</p> <p>He was a director of Iberdrola Distribución Eléctrica, S.A. (Sociedad Unipersonal), at which he has held the position of chair of the Audit and Compliance Committee.</p> <p><u>Noteworthy experience in other industries</u></p> <p>He has been the director of the Expansion and Assets area of the credit institution Ipar Kutxa, managing director of the concessionaire Transita and a member of the Board of the Bilbao Port Authority.</p> <p>In addition, he has been chair and vice-chair of the Board of Directors of Caja de Ahorros Bilbao Bizkaia Kutxa, Aurrezki Kutxa eta Bahitexea (BBK) and chair of its Audit Committee, as well as chair of the Board of Trustees of Fundación Eragintza. In 2021 he received the “Top Talent Saria CEO” award from Grupo Noticias.</p>
MR MANUEL MOREU MUNAIZ	<p>Pontevedra, Spain, 1953.</p> <p><u>Other current positions and professional activities</u></p> <p>He is president of the Seaplace, S.L., sole director of H.I. de Iberia Ingeniería y Proyectos, S.L. and of Howard Ingeniería y Desarrollo, S.L., a director of Tubacex, S.A. and a member of the Spanish Committee of Lloyd’s Register EMEA.</p> <p>He is a professor of the Master’s Programme in Oil at Universidad Politécnica de Madrid (ETSIM), of the Maritime Master’s Programme of Instituto Marítimo Español and of Universidad Pontificia Comillas.</p>



	<p><u>Academic training</u></p> <p>Doctorate in naval engineering from Escuela Técnica Superior de Ingenieros Navales (ETSIN) of the Universidad Politécnica de Madrid, and Master's degree in Oceanic Engineering from the Massachusetts Institute of Technology (MIT).</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>He has been a member of the Sustainable Development Committee of Iberdrola, S.A., of the Board of Directors of Iberdrola Renovables, S.A. and a director and member of the Audit and Compliance Committee of Gamesa Corporación Tecnológica, S.A. (now Siemens Gamesa Renewable Energy, S.A.).</p> <p><u>Noteworthy experience in other industries</u></p> <p>He has been a member of the board of Metalships and Docks, S.A., Neumáticas de Vigo, S.A. and Rodman Polyships, S.A., dean of the Colegio Oficial de Ingenieros Navales y Oceánicos de Madrid y de España, president of the Spanish Institute of Engineering, and a professor of the Escuela Técnica Superior de Ingenieros Navales of the Universidad Politécnica de Madrid and for the Repsol's Master's programme in Oil.</p>
MR ANTHONY L. GARDNER	<p>Washington D.C., United States, 1963.</p> <p>On 26 October 2021, he was appointed Second Vice-Chair of the Board of Directors.</p> <p><u>Other current positions and professional activities</u></p> <p>He is Managing Partner of Brookfield Partners Private Equity Group, senior adviser of Brunswick Group, LLP and a member of the advisory boards of the Centre for European Reform, the German Marshall Fund and the European Policy Centre.</p> <p><u>Academic training</u></p> <p>He studied Government at Harvard University and International Relations at the University of Oxford.</p> <p>He holds a Juris Doctor degree from Columbia Law School and a Masters in Finance from London Business School.</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>He has been a member of the Sustainable Development Committee of Iberdrola, S.A. He has also been an independent director of Scottish</p>

	<p>Power, Ltd and a member of that company's Audit and Compliance Committee.</p> <p><u>Noteworthy experience in other industries</u></p> <p>He was the US ambassador to the European Union from 2014 to 2017. Prior to that appointment, for six years he was the managing director at Palamon Capital Partners, a private equity firm based in London. He was also the director of one of the finance departments of Bank of America and of GE Capital, as well as director in the international acquisitions group of GE International. He has worked as an attorney at international law firms in London, Paris, New York and Brussels.</p> <p>He has dedicated more than twenty years of his career to US-European affairs, as a government official, lawyer and investor. As Director for European Affairs on the National Security Council (1994-1995), he worked closely with the US Mission to the European Union to launch the New Transatlantic Agenda.</p> <p>He previously worked with the Treuhandanstalt (German Privatisation Ministry) in Berlin, the Stock Exchange Operations Committee in Paris and as secondee for the European Commission in Brussels.</p> <p>He was also a senior advisor of the law firm Sidley Austin LLP, and of the Bill &amp; Melinda Gates Foundation.</p>
MS NICOLA MARY BREWER	<p>Taplow, United Kingdom, 1957</p> <p><u>Other positions and professional activities</u></p> <p>Trustee of the charity organisation Sentebale.</p> <p><u>Academic training</u></p> <p>Was educated at the Belfast Royal Academy and read English at the University of Leeds, graduating with a BA in 1980, then taking a Doctorate in linguistics in 1988. Granted an Honorary Doctorate of Laws from the University of Leeds in 2009.</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>She has held the position of independent director at Scottish Power Ltd., the country subholding company of the energy businesses in the United Kingdom.</p> <p>She was also a non-executive director of Aggreko plc.</p> <p><u>Noteworthy experience in other industries</u></p>

	<p>She was a diplomat until 2014, having been the Founding Director of the Diplomatic Academy of the Foreign and Commonwealth Office (“FCO”) of the British government.</p> <p>In 2009, she succeeded Mr Paul Boateng as British High Commissioner to South Africa, Swaziland and Lesotho, completing her mission in September 2013.</p> <p>In December 2006, she was appointed by open competition as the first Chief Executive of the newly established Equality and Human Rights Commission, the successor body to the Commission for Racial Equality, the Disability Rights Commission and the Equal Opportunities Commission, taking up her new position in 2007 and standing down in 2009.</p> <p>In 2004, she was appointed Director-General for Europe at the FCO, leading the FCO’s contribution to the UK’s 2005 Presidency of the European Union, advising the Foreign Secretary and the Minister on the European Union and other European policy issues.</p> <p>She served as the FCO’s Director for Global Issues from 2001 to 2002, and then as Director-General for Regional Programmes at the Department for International Development (DfID), the DfID board member supervising the UK’s overseas bilateral aid programmes.</p> <p>She joined the FCO in 1983, completing overseas postings in South Africa, India, France and Mexico.</p> <p>She was appointed Companion of the Order of St Michael and St George (CMG) in the 2003 New Year Honours and Dame Commander of the Order of St Michael and St George (DCMG) in the 2011 Birthday Honours.</p> <p>She was vice-provost (international) at University College London from 2014 to 2020.</p>
MS REGINA HELENA JORGE NUNES	<p>São Paulo, Brazil, 1965</p> <p><u>Other current positions and professional activities</u></p> <p>She is the founder and CEO of RNA Capital. She is also an independent director of IRB-Brasil Resseguros S.A. and coordinator-chair of its Risk and Solvency Committee.</p> <p><u>Academic training</u></p> <p>Degree in Business Administration from Mackenzie University. She attended courses in Trade Finance and Corporate Finance at the</p>

	<p>School of Continuing Studies at New York University, Leadership at Columbia University and International, Global and Multinational Business Development at INSEAD Fontainebleau.</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>She has held the position of independent director at Neoenergia S.A., the country subholding company of the energy businesses in Brazil.</p> <p>She has been an independent director and member of the audit committee of Companhia Distribuidora de Gás do Rio de Janeiro (CEG), the main activity of which is the distribution and retail sale of natural gas in the State of Rio de Janeiro (Brazil).</p> <p><u>Noteworthy experience in other industries</u></p> <p>She has more than 30 years of experience in the domestic and international financial market.</p> <p>She has been a member of the Risk and Capital Committee of Bank of Brasil and of the Investments, Capital Structure and Dividend Committee of IRB-Brasil Resseguros, S.A.</p> <p>She has been a member of the advisory board of Mercado Eletrônico, a company dedicated to electronic B2B commerce.</p> <p>She served for 20 years at S&amp;P Global Ratings. She was president of operation in Brazil and Argentina, and was Head of the Southern Cone in Latin America, Deputy-Head in Latin America, board member of BRC Ratings (Colombia) and head of Global Development Markets.</p> <p>Before joining S&amp;P, she also worked at other financial institutions such as Chase Manhattan and Citibank in the areas of credit and risk analysis. At the Commercial Bank of New York, she led the Correspondent Banking and Risk (Trade Finance) Areas focused on Latin America.</p> <p>For three years, she was an independent consultant in Brazil, having worked on privatisation programmes, investments of international funds in the Brazilian market, M&amp;A and financial engineering projects.</p>
MR ÁNGEL JESÚS ACEBES PANIAGUA	<p>Ávila, Spain, 1958</p> <p><u>Other current positions and professional activities</u></p> <p>He is chairman and founding partner of MA Abogados Estudio Jurídico, S.L.P., as well as sole director and professional partner of Doble A Estudios y Análisis, S.L.P. and managing partner of Michavila Acebes Abogados, S.L.P. He is also a trustee of Fundación para el Análisis y Estudios Sociales (FAES) and of Fundación Universitaria Teresa de Ávila.</p>

	<p><u>Academic training</u></p> <p>Degree in Law from Universidad de Salamanca.</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>As a lawyer, he has advised companies in the energy and the industrial and technology sectors, among others.</p> <p>From 2012 to 2019 he was an independent director of Iberdrola, S.A. (during part of that period, he was also a member of the Executive Committee and of the Appointments Committee).</p> <p>After the IPO flotation of Bankia, S.A., he was a director of Banco Financiero y de Ahorros, S.A. ("BFA"), acting as chairman of its Audit and Compliance Committee.</p> <p>He also has significant knowledge of the regulatory area due to his work as a member of the Council of Ministers of the Government of Spain, a senator and a national deputy.</p> <p><u>Noteworthy experience in other industries</u></p> <p>He has served on the board of Caja Madrid Cibeles, S.A., which manages the investments of Grupo Caja Madrid in other companies with activities in the financial and insurance sectors, as well as the retail banking sector outside of Spain.</p> <p>In the institutional arena, he has been Minister for Public Administrations, Minister of Justice, and Minister of the Interior of the Spanish Government.</p>
MS MARÍA ÁNGELES ALCALÁ DÍAZ	<p>Albacete, Spain, 1962.</p> <p><u>Other current positions and professional activities</u></p> <p>She is a Professor of Commercial Law at the University of Castilla-La Mancha and is Of Counsel to the law firm "Ramón y Cajal Abogados, S.L.P."</p> <p><u>Academic training</u></p> <p>Degree in Law. Ph.D. in Commercial Law from the University of Castilla-La Mancha.</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>She has been an independent director of "Iberdrola España, S.A." (Sociedad Unipersonal) and of "Neoenergía, S.A."</p>

	<p><u>Noteworthy experience in other industries</u></p> <p>She has held several positions at the University of Castilla-La Mancha, including vice-chancellor for student affairs and general secretary, and is currently a professor of Commercial Law at that university.</p> <p>She has been a visiting researcher at German universities and has been invited to participate in conferences and to lecture for undergraduate, postgraduate, master's and doctoral degrees at Spanish and foreign universities and research institutes.</p> <p>She served as Director General of Registries and Notaries of the Ministry of Justice from 2009 to 2011, and since 2013 has advised large companies in her capacity as Of Counsel to the law firm "Ramón y Cajal Abogados, S.L.P."</p> <p>She is the author of a large number of monographs, articles published in specialised publications and collective books on subjects like banking law, registry law, organisation and management of SMEs, contract and commercial distribution law, bankruptcy law, etc., with a high degree of specialisation in company law, the law applicable to listed companies, corporate governance and the stock market.</p>
MS ISABEL GARCÍA TEJERINA	<p>Valladolid, Spain, 1968</p> <p><u>Other current positions and professional activities</u></p> <p>She is a Senior Advisor at "Ernst &amp; Young España, S.A." for sustainability issues and the agri-food sector.</p> <p>She is also an independent director of "Primafrio, S.L.", the chair of its Innovation and Sustainability Committee, and a member of its Audit Committee.</p> <p>She is an independent director of "Avanza Previsión Compañía de Seguros, S.A." and a member of its Audit Committee.</p> <p><u>Academic training</u></p> <p>Degree in Agricultural Engineering from the Polytechnic University of Madrid and degree in Law from the University of Valladolid.</p> <p>She has a Master's degree in European Communities from the Polytechnic University of Madrid, as well as a Master's degree in Agricultural Economics from the University of California (Davis).</p>

	<p>She also attended the Global Senior Management Programme of the Instituto de Empresa and the University of Chicago Graduate School of Business.</p> <p>Finally, she participated in the High-Level Business Energy Course (<i>Curso Superior de Negocio Energético</i>) organised by the Club Español de la Energía.</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>She has been an independent director of the group's country subholding company in Brazil, "Neoenergia, S.A.", and a member of its Finance, Audit, Remuneration and Succession committees, as well as chair of the Sustainability Committee.</p> <p>She has been the Director of Strategic Planning at the chemical fertiliser company "Fertiberia, S.A.", a member of the board of the Algerian fertiliser manufacturing company "Fertial SPA" and of "Sociedad Estatal de Infraestructuras Agrarias del Norte, S.A.", as well as a member of the Governing Board of the Spanish Ports System (<i>Puertos del Estado</i>).</p> <p><u>Noteworthy experience in other industries</u></p> <p>She was Minister of Agriculture, Fisheries, Food and Environment of the Spanish Government between 2014 and 2018 and, prior to that, Secretary General for Agriculture and Food, during which time she participated in and led numerous complex European negotiations.</p> <p>In particular, as Minister of Agriculture, Fisheries, Food and Environment, she was responsible for the national climate change policy and for international negotiations in this field, having participated in several United Nations Climate Summits, including the Paris Summit in December 2015.</p> <p>She was vice-chair of the High-level Inter-Ministerial Working Group on the 2030 Agenda.</p> <p><u>Other information</u></p> <p>She was awarded the Grand Cross of Charles III and was distinguished with the title of Commander of the Order of Agricultural Merit of France.</p>
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<b>Total number of independent directors</b>	11
<b>Percentage of Board</b>	78.57

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
No data		

#### OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
MR IÑIGO VÍCTOR DE ORIOL IBARRA	More than 12 years have passed since appointment	IBERDROLA	<p>Madrid, Spain, 1962.</p> <p><u>Academic training</u></p> <p>Bachelor of Arts in International Business from Schiller International University (Madrid), a graduate of the Executive Corporate Management Programme of IESE Business School, and Certified European Financial Analyst (CEFA) from Instituto Español de Analistas Financieros.</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>He has been chair of Electricidad de La Paz, S.A. (Bolivia), of Empresa de Luz y Fuerza Eléctrica de Oruro, S.A. (Bolivia) and of Iberoamericana de Energía Ibener, S.A. (Chile), as well as a member of the board of Empresa de Alumbrado Eléctrico de Ceuta, S.A., Neoenergía S.A. (Brazil) and</p>



			<p>of Empresa Eléctrica de Guatemala, S.A.</p> <p>He has also been a member of the Appointments Committee and of the Sustainable Development Committee of Iberdrola, S.A., director of Corporate Governance for the Americas of Iberdrola, S.A., director of Management Control at Amara, S.A., and a financial analyst in the Financial Division and the International Division of Iberdrola, S.A.</p> <p><u>Noteworthy experience in other industries</u></p> <p>He has been chair of Empresa de Servicios Sanitarios de Los Lagos, S.A. (ESSAL) in Chile.</p>
MR FRANCISCO MARTÍNEZ CÓRCOLES	Ceased to hold office as Business CEO effective 1 November 2021.	IBERDROLA	<p>Alicante, Spain, 1956.</p> <p><u>Other current positions and professional activities</u></p> <p>He is a Member of Merit of the National Association of Engineers of the Escuela Técnica Superior de Ingeniería (ICAI).</p> <p><u>Academic training</u></p> <p>Industrial Engineer specialising in Electricity from the ICAI (Universidad Pontificia Comillas, Madrid) and Master in Business Management from IESE Business School (Universidad de Navarra).</p> <p><u>Noteworthy experience in the energy and industrial engineering sector</u></p> <p>He spent his professional career at Compañía Sevillana de Electricidad, S.A. until joining Hidroeléctrica Española, S.A., and then, after the merger with Iberduero, S.A., Iberdrola, S.A., where he has been director of the Production Market, director of the Wholesale Energy</p>

			<p>Markets Business Unit, and general director of the Liberalised Energy Business of the group, with overall responsibility for all of the Wholesale, Retail and Energy Management businesses of the Iberdrola group.</p> <p>In June 2014 he was appointed Business CEO of the Iberdrola group, with overall responsibility for all of the group's businesses worldwide.</p> <p>He has been Business CEO of Iberdrola, S.A. and chairman of Iberdrola España, S.A. and of Iberdrola Energía Internacional, S.A. (Sociedad Unipersonal), as well as a director of Iberdrola México, S.A. de C.V.</p> <p>He has held the position of chairman of Elektro Holding, S.A., of Iberdrola Generación, S.A. (Sociedad Unipersonal), of Iberdrola Generación México, S.A. de C.V. and of Scottish Power Generation Holdings Ltd. and has been a member of the board of Compañía Operadora del Mercado Eléctrico Español, S.A., Elcogas, S.A. and Iberdrola Ingeniería y Construcción, S.A. (Sociedad Unipersonal).</p> <p>He was also a member of the Board of Directors of the Spanish Electric Industry Association (<i>Asociación Española de la Industria Eléctrica</i>) (UNESA).</p> <p><u>Noteworthy experience in other industries</u></p> <p>He began his professional career at the Systems Division of Arthur Andersen.</p> <p>He has been a member of the advisory board of the International University of Bremen (Germany) and vice</p>
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			<p>president of the Energy and Natural Resources Committee of the Spanish Institute of Engineering.</p> <p><u>Other information</u></p> <p>He has been awarded the Javier Benjumea Prize of the National Association of Engineers of ICAI in its XVII edition and the Gold Medal of the Spanish Nuclear Society.</p>
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<b>Total number of other external directors</b>	2
<b>Percentage of Board</b>	14.29

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category
MR FRANCISCO MARTÍNEZ CÓRCOLES	01-11-2021	Executive	Other external

Observations
The change in category is due to his resignation as Business CEO effective 1 November 2021.

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:

	Number of female directors				% of total directors for each category			
	Year 2021	Year 2020	Year 2019	Year 2018	Year 2021	Year 2020	Year 2019	Year 2018
<b>Executive</b>	0	0	0	0	0.00	0.00	0.00	0.00
<b>Proprietary</b>	0	0	0	0	0.00	0.00	0.00	0.00
<b>Independent</b>	6	4	5	4	54.54	40.00	50.00	44.00
<b>Other External</b>	0	1	1	1	0.00	50.00	50.00	50.00
<b>Total:</b>	6	5	6	5	42.86	35.71	42.86	35.71

C.1.5 Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

Yes

No

Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also

indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

<b>Description of policies, objectives, measures and how they have been applied, and results achieved</b>
<p>The Company's Governance and Sustainability System, and particularly the Board of Directors Diversity and Member Selection Policy, provides that any type of bias entailing any kind of discrimination shall be avoided in the candidate selection process, as well as the commitment of the Board of Directors to assess various candidates during the selection process whose appointment favours a diversity of skills, knowledge, experience, origin, age and gender among the directors.</p> <p>The Regulations of the Appointments Committee give this committee the duty to regularly review, evaluate compliance with, and propose the amendment of the Board of Directors Diversity and Member Selection Policy. Furthermore, pursuant to the Board of Directors Diversity and Member Selection Policy, the Board also has the power to periodically evaluate the level of compliance with and effectiveness of this policy, in order to assess the usefulness thereof.</p> <p>As part of this review, the Appointments Committee considered it appropriate to amend the Board of Directors Diversity and Member Selection Policy in order to conform it to the new legal provisions introduced by Law 5/2021 of 12 April, among other purposes. The proposal was approved by the Board of Directors in April 2021.</p> <p>One of the objectives included in the Board of Directors Diversity and Member Selection Policy is that by 2022 the number of female directors should represent at least forty per cent of the total number of members of the Board of Directors, which objective was met on 16 December 2021 as a result of the actions described below.</p> <p>The Board of Directors has a diverse composition in terms of professional backgrounds and nationalities. Six of the fourteen members of the Board of Directors are currently women. Two of them chair two of the four consultative committees.</p> <p>The shareholders at the General Shareholders' Meeting held on 26 March 2010 approved the appointment of Ms María Helena Antolín Raybaud with the classification of independent director. She is chair of the Appointments Committee.</p> <p>The shareholders acting at the General Shareholders' Meeting held on 29 March 2019 approved the appointment of Ms Sara de la Rica Goiricelaya, with the classification of independent director. She is currently the chair of the Sustainable Development Committee.</p>

The shareholders acting at the General Shareholders' Meeting held on 2 April 2020 approved the appointment of Ms Nicola Mary Brewer and Ms Regina Helena Jorge Nunes as independent directors.

On 26 October 2021, María Ángeles Alcalá Díaz was appointed on an interim basis (co-option procedure) as an independent director, and became a member of the Audit and Risk Supervision Committee.

Finally, on 16 December 2021, Isabel García Tejerina was appointed on an interim basis (co-option procedure) as an independent director, and became a member of the Sustainable Development Committee.

At 31 December 2021, women constituted 42.86% of the Board of Directors. Therefore, meeting the objective set in this regard has been met.

- C.1.6 Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

<b>Explanation of measures</b>
<p>The Board of Directors Diversity and Member Selection Policy ensures that the proposed appointments of directors are based on a prior analysis of the needs of the Board of Directors. In particular, the candidates must be respectable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability and commitment to their duties. In particular, they must be irreproachable professionals, whose conduct and professional track record is aligned with the principles set forth in the Code of Ethics and with the corporate values contained in the Purpose and Values of the Iberdrola group.</p> <p>In the selection of candidates, it also endeavours to ensure a diverse and balanced composition of the Board of Directors overall, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of the matters within its purview. To this end, the selection process shall promote a search for candidates with knowledge and experience in the main countries and sectors in which the group does or will do business. The directors must also have sufficient knowledge of the Spanish and English languages to be able to perform their duties.</p> <p>In turn, the Regulations of the Appointments Committee give this committee the responsibility of ensuring that when new vacancies are filled or new directors are appointed, the selection procedures are free from any implied bias entailing any kind of discrimination and, in particular, from any bias that might hinder the selection of female directors.</p>

As shown in the previous section, Iberdrola deliberately seeks to include women with the appropriate professional profile among potential candidates.

Furthermore, the basic principles of the Equality, Diversity and Inclusion Policy include the promotion of gender equality within the group, in compliance with the laws in force in each country, and following international best practices, as well as the provisions in this regard of goal five of the Sustainable Development Goals (SDGs) approved by the United Nations, particularly as regards access to employment, professional training and promotion, and working conditions.

It should be noted that the benchmark objectives for the variable remuneration of the executive directors include increasing the presence of women in top positions and closing the pay gap. Along these lines, section C.1.14 of this Report shows that the percentage of top female executives exceeded 27% in 2021. Furthermore, the pay gap is one of the parameters used to determine the calculation of the long-term variable remuneration approved of the executive directors, management personnel and other professionals of Iberdrola, specifically, the 2020-2022 Strategic Bonus approved by the shareholders at the General Shareholders' Meeting held on 2 April 2020. The pay gap is defined as the difference between the average remuneration of men and women working at Iberdrola, S.A. and the companies of its group. And remuneration is considered to be the full-time equivalent annualised salary at 31 December 2020, 2021 and 2022, plus the variable remuneration received during the corresponding year. The final calculation date is 31 December 2022. The Board of Directors performs this evaluation upon a proposal of the Remuneration Committee, and the level of performance is expected to be determined during the first half of 2023.

The annual work plan of the Remuneration Committee for financial year 2019 included analysis and monitoring of the pay gap. This activity will continue until financial year 2023 in order to assess the level of performance against the indicators set out in the 2020-2023 Strategic Bonus.

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

Explanation of reasons
Not applicable

C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

The Appointments Committee believes that Iberdrola is applying the Board of Directors Diversity and Member Selection Policy in a fully consistent manner and that the composition of its Board of Directors is balanced and

diverse. Particularly noteworthy is the fact that 42.86% of the directors are female.

C.1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or company name of shareholder	Reason
No data	

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes  No

C.1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board committees:

Name or company name of director or committee	Brief description
MR JOSÉ IGNACIO SÁNCHEZ GALÁN	The chairman & CEO, as an individual decision-making body, has all the powers that may be delegated under the law and the By-Laws.
Executive Committee	All the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to law or the Governance and Sustainability System, including the ability to issue or repurchase shares (as approved by the shareholders at the General Shareholders' Meeting).

C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

Name or company name of director	Company name of the group entity	Position	Does the director have executive powers?
MR JOSÉ IGNACIO SÁNCHEZ GALÁN	AVANGRID, INC.	Chair	No
MR JOSÉ IGNACIO SÁNCHEZ GALÁN	NEOENERGIA S.A.	Chair	No
MR JOSÉ IGNACIO SÁNCHEZ GALÁN	SCOTTISH POWER LTD.	Chair	No

C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of the listed or non-listed entity	Position
MR JUAN MANUEL GONZÁLEZ SERNA	GSU Found, S.L. (Grupo Cerealto Siro)	Joint and several director
	Tuero Medioambiente, S.L.	Chair
	CO2 Revolution, S.L.	Director
	HM Hospitales 1989, S.A.	Director
MS MARÍA HELENA ANTOLÍN RAYBAUD	Grupo Antolín Irauza, S.A.	Vice-Chair
MR MANUEL MOREU MUNAIZ	Seaplace, S.L.	Chair
	H.I. de Iberia Ingeniería y Proyectos, S.L.	Sole Director
	Howard Ingeniería y Desarrollo, S.L.	Sole Director
	TUBACEX, S.A.	Director
MR XABIER SAGREDO ORMAZA	Bilbao Bizkaia Kutxa Fundación Bancaria - Bilbao Bizkaia Kutxa Banku Fundazioa	Chair
	BBK Fundazioa	Chair
	ORKESTRA-Basque Institute of Competitiveness	Director
	Universidad de Deusto	Director
MS NICOLA MARY BREWER	Sentebale	Director
MS REGINA HELENA JORGE NUNES	IRB-Brasil Resseguros S.A.	Director
MR ÁNGEL JESÚS ACEBES PANIAGUA	MA Abogados Estudio Jurídico, S.L.P.	Director
	Doble A Estudio y Análisis, S.L.P.	Sole Director
MS MARÍA ÁNGELES ALCALÁ DÍAZ	UCLM-Emprende, S.L.U.	Director
MS ISABEL GARCÍA TEJERINA	Avanza Previsión Compañía de Seguros, S.A.	Director
	Primafrío, S.L.	Director

<b>Observations</b>
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The positions described above for which the directors receive remuneration are specified below:

- Mr Juan Manuel González Serna: joint and several administrator of GSU Found, S.L. (Grupo Cerealto Siro).
- Ms María Helena Antolín Raybaud: vice-chair of Grupo Antolín Irauza, S.A.
- Mr Manuel Moreu Munaiz: president of Seaplace, S.L.; director de Tubacex, S.A.
- Mr Xabier Sagredo Ormaza: chair of Bilbao Bizkaia Kutxa Fundación Bancaria - Bilbao Bizkaia Kutxa Banku Fundazioa.
- Ms Regina Helena Jorge Nunes: director of IRB-Brasil Resseguros S.A. and Coordinator/Chair of its Risk and Solvency Committee.
- Mr Ángel Jesús Acebes Paniagua: sole director of Doble A Estudio y Análisis, S.L.P.
- Ms Isabel García Tejerina: director of Avanza Previsión Compañía de Seguros, S.A. and of Primafrío, S.L.

The profiles of the members of the Board of Directors available in section C.1.3 of this Report show other non-remunerated positions that have not been included in the preceding table because they are not provided for in the drop-down list of the form.

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
MS MARÍA HELENA ANTOLÍN RAYBAUD	Member of the Territorial Advisory Board of SabadellUrquijo Banca Privada de Madrid y Centro de España.
MS SARA DE LA RICA GOIRICELAYA	Director of Fundación ISEAK Professor of Economics at University of the Basque Country
MR MANUEL MOREU MUNAIZ	Professor of IME Comillas Master's Programme in Maritime Law Professor of the Master's Programme in Oil at Universidad Politécnica de Madrid.
MS REGINA HELENA JORGE NUNES	Founder and CEO of RNA Capital Ltda.
MR ANTHONY L. GARDNER	Managing Partner of Brookfield Private Equity Group

	Senior Adviser, Brunswick Group, LLP
MR ÁNGEL JESÚS ACEBES PANIAGUA	Lawyer
MS MARÍA ÁNGELES ALCALÁ DÍAZ	Of Counsel at Ramón y Cajal Abogados, S.L.P.
	Professor of Commercial Law of Universidad de Castilla-La Mancha.
MS ISABEL GARCÍA TEJERINA	Senior Advisor for sustainability issues and the agri-food sector of Ernst & Young España, S.A.
MR XABIER SAGREDO ORMAZA	Chairman of Fundación Bancaria Bilbao Bizkaia Kutxa-BBK

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

Yes  No

Explanation of the rules and identification of the document where this is regulated
Pursuant to the Regulations of the Board of Directors, those persons serving as directors in more than five companies, of which no more than three may have shares trading on domestic or foreign stock exchanges, may not be appointed as directors. Positions within holding companies are excluded from the calculation. Furthermore, companies belonging to the same group shall be deemed to be a single company.

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	21,392
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	
Pension rights accumulated by former directors (thousands of euros)	

Observations
This amount includes the remuneration received €5,914 thousand by all of the directors for their performance as such during financial year 2021 (fixed remuneration, attendance fees and other items) as well as salaries, annual variable remuneration and the shares received by the executive directors in payment of the second period of the 2017-2019 Strategic Bonus (Mr Francisco Martínez Córcoles stepped down as an executive director effective 1 November 2021), all of which is duly described in the Annual Director Remuneration Report.

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position(s)
MS SONSOLES RUBIO REINOSO	Internal Audit Director
MR SANTIAGO MARTÍNEZ GARRIDO	Director of Legal Services
MR ARMANDO MARTÍNEZ MARTÍNEZ	Business CEO
MR ASÍS CANALES ABAITUA	Director of Purchasing and Insurance
MR XABIER VITERI SOLAUN	Director of the Renewable Energy Business
MR AITOR MOSO RAIGOSO	Director of the Liberalised Business
MR JUAN CARLOS REBOLLO LICEAGA	Risk Management and Internal Assurance Director
MR PEDRO AZAGRA BLÁZQUEZ	Corporate Development Director
MR JOSÉ SAINZ ARMADA	General Finance, Control and Resources Director (CFO)
MS MARÍA DOLORES HERRERA PEREDA	Director of Compliance
MS ELENA LEÓN MUÑOZ	Director of Networks Business

Number of women in senior management	3
Percentage of total senior management	27.27%

Total remuneration of senior management (thousands of euros)	24,812

Observations
<p>Ms Elena León Muñoz was appointed Director of the Networks Business and a member of senior management on 1 November 2021.</p> <p>The amount of fixed and variable remuneration of the officers and other professionals with management responsibilities not included in IBERDROLA's senior management amounted to €131,259 thousand in 2021 (767 people) and €128,758 thousand in 2020 (757 people), affected by the exchange rate.</p>

C.1.15 Indicate whether the Board regulations were amended during the year:

Yes  No

Description of amendment(s)
<p>As part of the process of ongoing review of Iberdrola's Governance and Sustainability System, in addition to certain technical improvements, amendments have been made to the Regulations of the Board of Directors in order to, among other things: (i) conform the text thereof to the amendments made to the By-Laws as a result of the amendments to the Companies Act, (ii) vest the Audit and Risk Supervision Committee with the power to report on related-party transactions, which power was</p>

previously vested in the Appointments Committee, and (iii) include as a power of the Board the approval and updating of a climate action plan.

- C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

#### 1. APPOINTMENT AND RE-ELECTION OF DIRECTORS

The appointment, re-election, and removal of directors is within the purview of the shareholders at the General Shareholders' Meeting.

Vacancies that occur may be filled by the Board of Directors on an interim basis until the next General Shareholders' Meeting.

The Appointments Committee must advise the Board of Directors regarding the most appropriate configuration thereof and of its committees as regards size and equilibrium among the various classes of directors existing at any time. This is in any event based on the conditions that candidates for director must meet pursuant to the Board of Directors Diversity and Member Selection Policy.

The following may not be appointed as directors:

- a) Legal entities.
- b) Persons who hold the position of director or who are members of senior management of domestic or foreign companies competing with the Company in the energy industry or other industries, or such persons, if any, as are proposed by them in their capacity as shareholders.
- c) Persons serving as directors in more than five companies, of which no more than three may have shares trading on domestic or foreign stock exchanges. Positions within holding companies are excluded from the calculation. Furthermore, companies belonging to the same group shall be deemed to be a single company.
- d) Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the group operates.
- e) Persons that are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the group.

The Board of Directors and the Appointments Committee, within the scope of their powers, shall endeavour to ensure that the candidates proposed are

respectable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability, and commitment to their duties.

It falls upon the Appointments Committee to propose the independent directors, as well as to report upon the proposals relating to the other classes of directors.

If the Board of Directors deviates from the proposals and reports of the Appointments Committee, it shall give reasons for so acting and shall record such reasons in the minutes.

## 2. REMOVAL OF DIRECTORS

Directors shall serve in their position for a term of four years, so long as the shareholders acting at the General Shareholders' Meeting do not resolve to remove them and they do not resign from their position.

The Appointments Committee shall inform the Board of Directors regarding proposed removals due to breach of the duties inherent to the position of director or due to a director becoming affected by supervening circumstances of mandatory resignation or withdrawal. It may also propose the removal of directors in the event of disqualification, structural conflict of interest or any other reason for resignation or cessation of office, pursuant to law or the Governance and Sustainability System.

The Board of Directors may propose the removal of an independent director before the passage of the period provided for in the By-Laws only upon sufficient grounds, evaluated by the Board of Directors after a report from the Appointments Committee, or as a consequence of takeover bids, mergers or other similar corporate transactions resulting in a significant change in the structure of the Company's share capital, as recommended by the Good Governance Code of Listed Companies.

- C.1.17 Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organisation and in the procedures applicable to its activities:

Description of amendment(s)
Iberdrola evaluates the operation of its governance bodies on an annual basis, and based on the conclusions obtained, identifies the principal areas of work for the next financial year.
100% of the areas of work identified in the evaluation process from the prior financial year were covered during 2021.
The principal milestones for financial year 2021 include the following:
<u>Composition:</u>

- Regular staggered renewal of the Board of Directors with the appointments of Ms María Ángeles Alcalá Diaz and Ms Isabel García Tejerina, for advance compliance with recommendation 15 of the *Good Governance Code of Listed Companies* to have at least 40% female directors before the end of 2022.

Development of Competencies:

- *New Director Remuneration Policy.*
- *New Procedure for Related-Party Transactions with Members of Senior Management, Delegated Related-Party Transactions and Series of Related-Party Transactions.*
- Oversight of the implementation of the Internal Control over Non-Financial Reporting System.

Operation:

- Specific training on issues of importance to the Board of Directors and its committees (e.g. cybersecurity, best practices in competency matrixes, talent management, remuneration, etc.).
- Greater coordination and engagement of directors and participants at each meeting.

Environmental and social issues:

- New Climate Action Plan.
- Development of a Stakeholder Engagement Model, with a special focus on sustainability components in connection with suppliers.
- Update of the *Manual on Reputational Crisis Event Procedures and Significant Issues for Institutional Investors.*

Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

<b>Description of the evaluation process and areas evaluated</b>
<p>The Appointments Committee coordinates the evaluation of the operation of the Board of Directors and of the committees thereof on an annual basis, and submits to the full Board of Directors the results of said evaluation together with a proposed Improvement Plan that contains any recommendations to correct potential deficiencies detected.</p> <p>The evaluation for financial year 2021 used PricewaterhouseCoopers Asesores de Negocios, S.L. (PwC) as an external adviser.</p> <p>The scope of the process in 2021 included the evaluation of the Board of Directors, of its committees, of the chairman &amp; CEO, of the Business CEO and of each of the other directors from the following viewpoints: (i) compliance with internal rules and with the CNMV <i>Good Governance Code of Listed Companies</i>, (ii) monitoring of corporate governance trends, and (iii) analysis</p>

of coverage of potential areas for work defined in evaluations from prior years.

The evaluation of the chairman of the Board of Directors was led by the first vice-chair and lead independent director.

The first vice-chair and lead independent director also conducted individual interviews with the directors, receiving feedback on the performance of the Board of Directors and its committees, all of which was reflected in the evaluation process.

This process included a comparative analysis of 23 companies, which include (i) those considered to have best practices at the domestic and international level, and (ii) comparable companies, both domestic and international.

This evaluation used more than 380 best practices indicators, which practices were assessed using objective and verifiable evidence.

The process concluded with a Continuous Improvement Plan with indicators that will be evaluated for compliance the following financial year and which analyse, among other things, the following areas:

1. Oversight of all social aspects of the strategy and reflection thereof in the non-financial information.
2. Continuous improvement of the governance bodies, enriching remote training sessions like talent management, ESG goals and business risks (cybersecurity, climate, regulatory, etc.)
3. Relations with investors and other Stakeholders, strengthening transparency in all aspects of corporate governance.

On 22 February 2022 the Board of Directors approved the results of the evaluation of financial year 2021 and the Continuous Improvement Plan for financial year 2022.

- C.1.18 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

Iberdrola has been assisted by an outside consultant for the last twelve years. In 2021 PwC's business relations with the Iberdrola group worldwide were approximately €27 million.

The total amount of billing by PwC for consulting services provided to the Board of Directors and the Office of the Secretary thereof in 2021 was €371 thousand.

- C.1.19 Indicate the cases in which directors are obliged to resign.

Directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of

disqualification, lack of competence, structural and permanent conflict of interest or prohibition against performing the duties of director provided by law or the Governance and Sustainability System.

In this connection, the Regulations of the Board of Directors provide that the directors must submit their resignation to the Board of Directors in the following cases:

- a) When, due to supervening circumstances, they are involved in any circumstance of disqualification or prohibition provided by law or the Governance and Sustainability System.
- b) When, as a result of any acts or conduct attributable to the director, serious damage is caused to the value or reputation of the Company or there is a risk of criminal liability for the Company or any of the companies of the group.
- c) When there are situations that affect them, whether or not related to their conduct within the Company itself, that might harm the good standing or reputation thereof.
- d) When they cease to deserve the respectability or to have the capability, expertise, competence, availability or commitment to their duties required to be a director of the Company.

In particular, when the activities performed by the director, or the companies that the director directly or indirectly controls, or the individual or corporate shareholders or those related to any of them, might compromise the suitability thereof.

- e) When they are seriously reprimanded by the Board of Directors because they have breached any of their duties as directors.
- f) When their continuance in office on the Board of Directors may for any reason, either directly, indirectly, or through persons related thereto, jeopardise the faithful and diligent performance of their duties in furtherance of the corporate interest.
- g) When the reasons why the director was appointed cease to exist and, in particular, in the case of proprietary directors, when the shareholder or shareholders who proposed, requested, or decided the appointment thereof totally or partially sell or transfer their equity interest, with the result that such equity interest ceases to be significant or sufficient to justify the appointment.
- h) When an independent director unexpectedly falls under supervening circumstances that prevent the director from being considered as such pursuant to the provisions of law.

The resignation provisions set forth under f) and g) above shall not apply when, after a report from the Appointments Committee, the Board of Directors believes that there are reasons that justify the director's continuance in office, without prejudice to the effect that the new supervening circumstances may have on the classification of the director.



C.1.20 Are qualified majorities other than those established by law required for any particular kind of decision?:

Yes

No

If so, describe the differences.

Description of differences
The Regulations of the Board of Directors require a majority of at least two-thirds of the directors present at the meeting in person or by proxy to approve the amendment thereof.
The Regulations of the Board of Directors also state that directors must tender their resignation to the Board of Directors if they are seriously reprimanded thereby because they have breached any of their duties as directors, by resolution adopted by a two-thirds majority of the directors.

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

Yes

No

C.1.22 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:

Yes

No

Observations
The Regulations of the Board of Directors provide that the standards to take into account for selecting candidates for the position of director shall include, by way of guidance only, the appropriateness of the directors generally not exceeding the age of seventy years.
Each of the non-executive directors has undertaken to tender their resignation to the Board of Directors at the first meeting it holds after they reach seventy years of age.

C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

Yes

No

C.1.24 Indicate whether the articles of incorporation or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

Pursuant to the By-Laws, all of the directors may cast their vote and give their proxy in favour of another director, provided, however, that non-executive directors may only do so in favour of another non-executive director.

The Regulations of the Board of Directors require that directors attend the meetings of the Board of Directors and when they cannot do so personally they must grant their proxy to another director, to whom they must give the appropriate instructions.

Directors may not grant a proxy in connection with matters in respect of which they have any conflict of interest.

The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.

There is no maximum number of proxies provided per director.

- C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

<b>Number of board meetings</b>	8
<b>Number of board meetings held without the chairman's presence</b>	0

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

<b>Number of meetings</b>	1
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Indicate the number of meetings held by each Board committee during the year:

<b>Number of meetings held by the Audit and Risk Supervision Committee</b>	12
<b>Number of meetings held by the Sustainable Development Committee</b>	10
<b>Number of meetings held by the Appointments Committee</b>	10
<b>Number of meetings held by the Remuneration Committee</b>	12
<b>Number of meetings held by the Executive Committee</b>	15

<b>Observations</b>
Pursuant to the provisions of Article 45 of the By-Laws, the lead independent director coordinates, meets with and reflects the concerns of the non-executive directors, and also directs the periodic evaluation of the chairman of the Board of Directors and leads any process for the succession thereof.

In the exercise of these powers, the lead independent director has held meetings with all of the non-executive directors, which meetings dealt with the evaluation of the chairman & CEO as well as initiatives to improve the performance of each of the directors.

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:

<b>Number of meetings in which at least 80% of directors were present in person</b>	8
<b>Attendance in person as a % of total votes during the year</b>	100.00
<b>Number of meetings with attendance in person or proxies given with specific instructions, by all directors</b>	8
<b>Votes cast in person and by proxies with specific instructions, as a % of total votes during the year</b>	100.00

<b>Observations</b>
The attendance of each and every one of the directors at the meetings of the Board of Directors and its committees during financial year 2021 is detailed in the Annex to this Report.

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

Yes  No

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

<b>Name</b>	<b>Position</b>
MR JOSÉ IGNACIO SÁNCHEZ GALÁN	Chairman & CEO
MR JOSÉ SAINZ ARMADA	General Finance, Control and Resources Director (CFO)

<b>Observations</b>
The Iberdrola group has established a certification process by which those responsible for financial information in the different areas of the Company (i.e. those responsible for the subholding companies and global corporate areas) certify that: (i) the financial information they deliver to Iberdrola for purposes of consolidation does not contain any material errors or omissions and provides a fair view of the results and the financial condition within their area of responsibility, and (ii) they are responsible for establishing the Internal Control Over Financial Reporting (ICFR) system within their area of responsibility and have found, upon evaluation, that the system is effective. The text of these certifications is inspired by the form of certification established in Section 302 of the U.S. Sarbanes-Oxley Act.
The culmination of the process is a joint certification that the chairman & CEO and the CFO submit to the Board of Directors.

The process is carried out by means of electronic signature in a software application which manages the areas of responsibility and time periods and which serves as a repository of all the documentation generated, allowing for periodic review by the supervision and control bodies of the group.

- C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

The *Regulations of the Audit and Risk Supervision Committee* provide that it shall have the following duties, among others:

- Supervise (on an ongoing basis and specifically at the request of the Board of Directors) the process of preparing and presenting regulated financial information relating to the Company, both individual and consolidated with its subsidiaries, reviewing compliance with legal requirements, the proper delimitation of the scope of consolidation and the correct application of accounting standards, and submit recommendations or proposals to the Board of Directors to safeguard the integrity thereof.
- Supervise the clarity and integrity of the financial information regarding the Company and its group based on available sources of internal information (including reports from the Internal Audit Area and the Risk Management and Internal Assurance Division, reports from other areas or departments, or the analysis and opinion of the Company's management team itself) and external information (including reports from experts or information received from the statutory auditor), and reach its own conclusion as to whether the Company has properly applied the accounting policies. It shall also ensure that the interim financial statements are prepared using the same accounting principles as the annual financial statements.
- Establish appropriate relationships with the statutory auditor to receive information regarding matters that might entail a threat to the independence thereof, for examination by the Audit and Risk Supervision Committee, and any other information related to the development of the audit procedure, as well as such other communications as are provided for in the laws on statutory audit and in other legal provisions on auditing.
- The Committee must receive written confirmation from the statutory auditor on an annual basis of its independence in relation to the Company or entities directly or indirectly related thereto, as well as a detailed breakdown of information on additional (non-auditing) services of any kind provided to and the corresponding fees received from such entities by such statutory auditors or by persons or entities related thereto, pursuant to the legal provisions governing the audit of accounts.
- On an annual basis, prior to the audit report, issue a report containing an opinion on whether the independence of the statutory auditors is compromised, which shall be made available to the shareholders upon the terms set forth in the *Regulations for the General Shareholders' Meeting*. This report shall contain a reasoned assessment of the provision of each and every one of the additional services other than the legal audit referred to in the preceding point, considered

individually and as a whole, and in relation to the rules on independence or the legal provisions governing the audit of accounts.

- Report in advance to the Board of Directors regarding the financial information that the Company must disclose on a regular basis because of its status as a listed company; the Audit and Risk Supervision Committee shall ensure that the interim statements are prepared in accordance with the same accounting standards as the annual financial statements and, for such purpose, it shall consider the appropriateness of a limited review by the statutory auditor.
- Review the contents of the audit reports on the accounts and of the reports on the limited review of interim accounts, if any, as well as other mandatory reports to be prepared by the statutory auditor, prior to the issuance thereof, in order to avoid qualified reports.
- Assess the results of each audit of accounts and supervise the response of the members of senior management to the recommendations made therein.
- Act as a channel of communication between the Board of Directors and the statutory auditors, causing them to hold an annual meeting with the Board of Directors to report thereto on the work performed and the accounting status and risks of the Company.
- Evaluate any proposal made by the members of senior management regarding changes in accounting practices.
- Analyse the reasons why the Company may itemise certain alternative information on returns in its public information instead of the measures directly defined by accounting rules, the extent to which useful information is provided to investors and the level of compliance thereof with best practices and international recommendations in this area.
- Obtain information on significant adjustments identified by the statutory auditor or that result from revisions made by the Internal Audit Area and the position of the management team regarding said adjustments.
- Timely and properly attend to, answer and take into account any requests sent thereto by the National Securities Market Commission during the current financial year or in prior years, ensuring that the same types of incidents previously identified in said requests are not repeated in the financial statements.
- Check that the financial information approved by the Board of Directors and published on the corporate website of the Company is continuously updated and that it coincides with the information that has been approved by the Board of Directors and published on the website of the National Securities Market Commission.

In turn, the *Regulations of the Board of Directors* provide that:

- The Board of Directors shall meet with the statutory auditor at least once per year in order to receive information regarding the work performed and regarding the accounting status and risks of the Company.
- The Board of Directors shall use its best efforts to prepare the annual financial statements such that there is no room for qualifications by the statutory auditor. However, when the Board of Directors believes that its opinion must prevail, it shall provide a public explanation of the content and scope of the discrepancy.

Pursuant to the above-cited rules, the Audit and Risk Supervision Committee has reported throughout the year on the process of preparing and presenting, and the clarity and integrity of, the financial information (separate and consolidated) relating to the Company prior to the approval thereof by the Board of Directors and its submission to the National Securities Market Commission. The reports of the Audit and Risk Supervision Committee, which the chair thereof has presented to the full Board of Directors, are mainly intended to disclose such aspects, if any, as may give rise to qualifications in the audit report of Iberdrola and its consolidated group.

Accordingly, the Committee submitted to the Board of Directors the following reports regarding the annual, quarterly and half-yearly financial information of the Company for financial year 2021:

- Report dated 10 May 2021 on the results for the first quarter of 2021.
- Report dated 19 July 2021 on the financial information for the first half of 2021.
- Report dated 25 October 2021 on the results for the third quarter of 2021.
- Report dated 21 February 2022 regarding the annual financial statements of Iberdrola and its consolidated group for financial year 2021.

As disclosed in the information about Iberdrola posted on the website of the National Securities Market Commission ([www.cnmv.es](http://www.cnmv.es)), the audit reports on the individual and consolidated annual financial statements prepared by the Board of Directors have historically been issued without qualifications.

C.1.29 Is the secretary of the Board also a director?

Yes

No

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
MR JULIÁN MARTÍNEZ-SIMANCAS SÁNCHEZ	

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

**MECHANISMS TO PRESERVE THE INDEPENDENCE OF THE AUDITOR**

The Regulations of the Audit and Risk Supervision Committee and the Statutory Auditor Contracting and Relations Policy provide that:

- The relations of the Audit and Risk Supervision Committee (the “Committee”) with the Company’s statutory auditor (the “Auditor”) shall respect the independence thereof.

- The Committee shall discuss with the Auditor any circumstance that might compromise the independence thereof and shall evaluate the effectiveness of the protective measures and the relationships between the Iberdrola group and the Auditor and its network, including those that entail the provision of non-audit services. It shall request from the Auditor a certification of independence of the firm as a whole and of the members of the team participating in the process of auditing the annual financial statements of the Iberdrola group, with a detailed breakdown of information regarding non-auditing services of any kind provided by the Auditor or by persons connected thereto under applicable law. The Auditor shall include in such certification a statement regarding compliance with its internal quality assurance and independence protection procedures and shall submit to the Committee on an annual basis the profiles and professional background of the members of the Iberdrola group audit teams, indicating any changes with respect to the previous financial year.
- Before issuing the annual audit report, the Committee shall issue a report expressing an opinion on the independence of the Auditor and the potential impact of each and every one of the non-audit services provided by the Auditor or by persons connected thereto, considered individually and as a whole. It shall also supervise the auditor's internal quality assurance and independence protection procedures and shall receive information on the hiring of professionals from the auditor by any of the companies of the Iberdrola group.
- The Committee shall not submit a proposal to the Board of Directors, and the Board of Directors shall not submit a proposal to the shareholders at the General Shareholders' Meeting, for appointment as Auditor of firms for which it has evidence that they are affected by a lack of independence, prohibition or disqualification pursuant to applicable legal provisions, and if the total fees received for the provision of audit and non-audit services provided to the Company and to any other entity of the group by the Auditor or audit firm or by a member of its network during each of the last three consecutive financial years represent more than 15% of the total annual income of the Auditor or audit firm and of said network.

The Committee has established a restrictive policy on the non-audit services by the Auditor to the Iberdrola group that can be authorised:

- Prior to formalisation thereof, the Committee must receive information regarding any contract it intends to sign with the Auditor or a member of its network for the provision of non-audit services to the Company or any of the companies of its group, in order to be able to analyse the threats to independence that might arise from said contracts. The Auditor must therefore forward to the Committee any request to approve the provision of non-audit services, sufficiently describing the services requested so that the Committee can analyse the impact of the contracting thereof on independence, both individually and collectively.
- The provision by the Auditor or by any member of its network of non-audit services must be authorised in advance by the Committee in all cases, whether the services are provided to the Company or to any other company of the group, and (a) the audit and compliance committee of the country subholding company of the group, if the services are

provided thereto or to one of its subsidiaries that do not have their own audit and compliance committee; or (b) the audit and compliance committee of the subsidiary to which the services are provided, if it has one.

- In order to authorise the provision of said services, the Committee must assess whether the audit firm is the most appropriate firm to provide them based on its experience and expertise, analysing the nature thereof and the circumstances and context in which it occurs; the status, position or influence of the provider of the service and other relations thereof with the Company; the effects thereof; and whether said services could threaten the independence of the auditor and, if applicable, the establishment of measures eliminating or reducing the threats to a level that does not compromise the independence thereof.

In compliance with recommendation 65.c) of Technical Guide 3/2017 on Audit Committees of Public Interest Entities, the Committee has established the indicative limit of the fees that may be received by the Auditor or an entity within its network at five million euros per year for non-audit services provided to the Company and to any other entity of the group during any financial year of the Company.

As regards financial year 2021:

- Iberdrola's Auditor, "KPMG Auditores, S.L." ("KPMG"), appeared on thirteen occasions before the Committee and on one occasion before the Board of Directors to report on issues relating to the audit of accounts. During these appearances, KPMG did not report issues that might put its independence at risk.
- 17 February 2021 KPMG sent to the Committee written confirmation of its independence with regard to the audit of the financial information for financial year 2020.
- On 19 July 2021 KPMG sent to the Committee written confirmation of its independence with regard to the limited review of the financial information as at 30 June 2021.
- 21 February 2022 KPMG sent to the Committee written confirmation of its independence with regard to the audit of the financial information for financial year 2021.
- In these letters the Auditor represented that it has implemented policies and procedures designed to provide reasonable assurance that KPMG and its personnel maintain their independence when so required by applicable legal provisions.
- Pursuant to the foregoing, the hiring of the Auditor for non-audit services was approved in advance by the Committee. Prior to approval thereof, the director of the Internal Audit Area, and if necessary the audit committee and the internal audit division of the group company receiving the services (or of any country subholding company to which it belongs) stated that the provision thereof did not threaten the independence of the auditor. In requests for services made by the Committee, the Auditor confirmed that, among other things, there were no restrictions on independence for the performance of the work described therein.
- In its statement of independence dated 21 February 2022, KPMG reported that 3 of its professionals were hired by the Iberdrola group during 2021. It also confirmed in this statement that such hirings do not



fall within any of the prohibitions set out in the applicable legal provisions and have not created a threat compromising their independence as auditors.

- On 21 February 2022 the Committee submitted its report to the Board of Directors regarding the independence of the Iberdrola's Auditor, in which it concluded that the Auditor performed its work independently.

#### MECHANISMS TO PRESERVE THE INDEPENDENCE OF FINANCIAL ANALYSTS, INVESTMENT BANKS AND RATING AGENCIES

The principles which form the basis of the relations of the Company with financial analysts, investment banks, and rating agencies are contained in the Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors and are transparency, equal treatment, non-discrimination, truthfulness, and trustworthiness of the information supplied.

The Finance, Control and Resources Division, through the Investor Relations and Communication Division, manages their requests for information and requests submitted by institutional or retail investors. The Finance, Control and Resources Division gives mandates to investment banks. The Corporate Development Division gives the appropriate advisory mandates to investment banks within the scope of its activities, in coordination with the Finance, Control and Resources Division.

The independence of financial analysts is protected by the Investor Relations and Communications Division, which ensures the objective, fair and non-discriminatory treatment thereof.

The Company also has a number of communication channels:

- Personalised assistance for analysts, investors and rating agencies.
- Publication of the information relating to quarterly results and other specific events, such as those relating to the submission of the Business Prospects or to corporate transactions.
- E-mail through the corporate website ([accionistas@iberdrola.com](mailto:accionistas@iberdrola.com)).
- Toll-free line for shareholders (+34 900 100 019).
- In-person and broadcasted presentations.
- Release of announcements and news.
- Visits to Company facilities.

C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

Yes

No

If there were any disagreements with the outgoing auditor, explain their content:

Yes

No

C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work

and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes  No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousands of euros)	1,513	2,348	3,861
Amount invoiced for non-audit work/Amount for audit work (in %)	30.20	10.80	14.40

Observations
See annex.

C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

Yes  No

C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	5	5

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	17.24	17.24

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

Yes  No

Details of the procedure
The Regulations of the Board of Directors provide that the required support shall be provided for new directors to become rapidly and adequately acquainted with the Company and its group, such that they can actively perform their duties as such and, if so appointed, as members of any of the committees of the Board of Directors as from their appointment as such.

To this end, an Orientation Programme is made available to them through the directors' website.

They are also provided with the information needed to perform their duties, and access to training materials and sessions that allow them to continuously update their knowledge is encouraged.

The regulations of the consultative committees also provide that they must have a periodic training plan that ensures the refreshment of knowledge relating to the purview of each of them.

In order to improve their knowledge of the group, presentations are made to the directors regarding the various Businesses. In addition, a portion of each meeting of the Board of Directors tends to be dedicated to a presentation on economic, legal or political/social issues of importance to the group.

The directors have access to a specific application, the directors' website, that facilitates performance of their duties and the exercise of their right to receive information. This website includes information deemed appropriate for preparation of the meetings of the Board of Directors and the committees thereof in accordance with the agenda, the training materials intended for the directors, and presentations made to the Board of Directors.

In addition, the directors are given access through the directors' website to the minutes of the meetings of the Board of Directors and the committees thereof, as well as such other information as the Board of Directors approves.

Finally, the Regulations of the Board of Directors provide that a director is required to properly prepare for the meetings of the Board of Directors and, if applicable, the meetings of the Executive Committee or of the committees of which the director is a member, for which purposes the director must diligently become apprised of the running of the Company and the matters to be discussed at such meetings.

C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

Yes

No

**Explain the rules**

The Regulations of the Board of Directors set out the obligations and duties of the directors, including, as an expression of the duty of loyalty, the duty to submit their resignation to the Board of Directors in the event that supervening circumstances mean they are involved in an instance of disqualification or prohibition, loss of suitability, respectability, capability,

expertise, competence, availability or commitment to their duties required to be a director and the other instances provided for in the Governance and Sustainability System.

A director must inform the Company of any judicial, administrative or other proceedings instituted against the director which, because of their significance or characteristics, may seriously reflect upon the reputation of the Company. In particular, every director must inform the Company, through the secretary of the Board of Directors, in the event that the director is subject to an investigation, arrested, or an order for the commencement of an oral criminal trial is issued against the director for the commission for any crime, and of the occurrence of any significant procedural steps in such proceedings. In such instance, the Board of Directors shall review this circumstance as soon as practicable and, following a report of the Appointments Committee, shall adopt the decisions it deems fit taking into account the interests of the Company.

In addition, the director must inform the Company of any fact or event that may be relevant to the holding of office as a director.

Directors must also submit their resignation to the Board of Directors and formally resign from their position in the events described in section C.1.19 of this Report.

- C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

Yes  No

Director's name	Nature of the situation	Observations
MR JOSÉ IGNACIO SÁNCHEZ GALÁN	CENYT case	See reasoned explanation
MR FRANCISCO MARTÍNEZ CÓRCOLES	CENYT case	See reasoned explanation

Indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director's resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the nomination committee.

Yes  No

Decision / action taken	Reasoned explanation
Appropriate investigations have been carried out in compliance with the	From the day after the appearance of the first news reports in June 2018 regarding the hiring of

<p>provisions of the Governance and Sustainability System and the Compliance System of Iberdrola.</p> <p>The Board of Directors has examined the case and unanimously confirmed its full confidence in the suitability of both directors to hold office.</p>	<p>Club Exclusivo de Negocios y Transacciones, S.L.” (“CENYT”), a company legally organised and with its own resources to operate in its industry, Iberdrola has carried out various investigations in accordance with its Governance and Sustainability System and its Compliance System, which define and describe the powers assigned to the various companies of the group and their corresponding governance bodies (particularly the Audit and Risk Supervision Committee, the Sustainable Development Committee, the Executive Committee and the Board of Directors of Iberdrola, S.A. and the Board of Directors of Iberdrola Renovables, S.A.U.).</p> <p>The content of the meetings of these bodies reflects the impetus given to all of the internal investigations performed, the supervision of the performance thereof without any limitation in scope, and the guarantee that all responsible areas them had the required human and material resources and acted free of any type of interference.</p> <p>These investigations have included all available documentary evidence. In certain cases, whether due to the nature of the services provided, the passage of time (which well exceeded the six-year period legally provided for maintaining business documentation) or the lack of cooperation of certain former employees, complete documentation was not available.</p> <p>Iberdrola’s Compliance Unit has been advised by “Pricewaterhousecoopers Asesores de Negocio, S.L.” (“PwC”), which has performed an independent investigation, with neither supervision nor control of internal bodies or outside lawyers, and which made a commitment to make its findings available to the judicial authorities, whatever those findings may be (PwC has dedicated more than 5,000 working hours, processed 5.14 terabytes of information and reviewed more than 300,000 files and more than 3,000 invoices).</p> <p>Said investigations have not identified payments to companies linked to Mr Villarejo other than those initially identified (17 invoices): 14 from Iberdrola, between 2004 and 2009, in the total</p>
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amount of €1,017,824.14, and 3 from Iberdrola Renovables, between 2012 and 2017, in the total amount of €114,200.00.

Furthermore, all of the payments correspond to invoices recorded in the files of the group created in accordance with the internal procedures requiring that the service be requested and the corresponding invoice be approved by a person duly authorised to do so by reason of the subject matter, and approved by a controller other than the requesting party.

The Compliance Unit has reviewed the commercial relationship (the engagement, accounting and payment processes) of Iberdrola and the other companies of the group with all of the companies that have provided them with security and intelligence services during the years related to the facts investigated by Central Preliminary Examining Court No. 6 and, based on the information available thereto, no evidence has been identified of any illegal conduct or conduct contrary to the Governance and Sustainability System.

As regards the court proceeding, the Company is appearing as an aggrieved party and is actively cooperating in the clarification of the facts, providing the Court with the results and documentation of the investigations.

The Executive Committee of the Company's Board of Directors resolved last May to make all of its directors, officers and employees available to said Court so that they could appear before it and give their statements and provide all of the cooperation requested of them.

The Chairman of the Board of Directors & CEO Mr Ignacio Sánchez Galán and the external director Mr Francisco Martínez Córcoles, the officers Mr Juan Carlos Rebollo Liceaga and Mr Pablo Isunza Gaminde, as well as the company Iberdrola Renovables Energía, S.A., which appeared through its legal representative, have made statements as persons of interest and have provided the Court with full explanations as requested. Other former officers who are no

	<p>longer with the Company have also made statements before the Court.</p> <p>Various international law firms have reviewed various aspects of the procedure followed: Iberdrola's Compliance System, the reaction to this matter by the governing bodies of the various companies of the group participating therein, the internal investigation procedure and the results thereof (including the forensic report of PwC), and documentation relating to the various investigations that have been provided in the aforementioned legal proceedings. Their conclusion is that, with the information currently available in the judicial proceeding, there is insufficient evidence to pursue a criminal case against any company of the Iberdrola Group or against any of its current directors or officers, without prejudice to any liabilities that may arise against other persons.</p> <p>Notwithstanding the foregoing, the lengthiness of the aforementioned legal proceeding and the profusion of accusations and arguments lacking factual and legal support, which have been used by competitors and former officers of the Company for the clear purpose of harming its good name and reputation, might undermine its ability to compete in the market, which is the main risk for the Company, more than the legal consequences of the criminal proceedings themselves.</p> <p>The Company has taken and will continue to take appropriate legal measures to protect its reputation and its ability to compete.</p>
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C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

Not applicable.
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C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

<b>Number of beneficiaries</b>	25
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Type of beneficiary	Description of the agreement
Executive directors and officers	<p><b>1. EXECUTIVE DIRECTORS</b></p> <p>Pursuant to the provisions of his contract, the chairman &amp; CEO has the right to receive a severance payment in the event of termination of his relationship with the Company, provided that such termination is not the consequence of a breach attributable thereto or exclusively due to his own decision to withdraw. The amount of the severance payment is three times annual salary.</p> <p>Since 2011, contracts with new executive directors and with senior management include maximum severance pay equal to two times annual salary in the event of termination of their relationship with the Company, provided that termination of the relationship is not the result of a breach attributable thereto or solely due to a voluntary decision thereof.</p> <p>Furthermore, in consideration for the chairman &amp; CEO's non-compete commitment for a period of two years, he shall be entitled to severance pay equal to the remuneration for such period.</p> <p><b>2. OFFICERS</b></p> <p>The employment contracts of officers of Iberdrola who, given their responsibilities, decisively contribute to the creation of value, contain specific clauses on severance payments. The purpose of such clauses is to obtain an effective and sufficient level of loyalty for the management of the Company and thus avoid a loss of experience and knowledge that might jeopardise the achievement of strategic objectives. The amount of the severance pay is determined based on length of service and the reasons for the officer's withdrawal from office, up to a maximum of five times annual salary.</p> <p>Notwithstanding the foregoing, the Senior Management Remuneration Policy provides since 2011 that the limit on the amount of the severance pay under new contracts with the members of senior management shall be two times their annual salary.</p>



Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	<b>Board of directors</b>	<b>General shareholders' meeting</b>
<b>Body authorising the clauses</b>	X	

	<b>YES</b>	<b>NO</b>
<b>Are these clauses notified to the General Shareholders' Meeting?</b>	X	

## C.2 Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

### EXECUTIVE COMMITTEE

<b>Name</b>	<b>Position</b>	<b>Current</b>
MR JOSÉ IGNACIO SÁNCHEZ GALÁN	Chair	Executive
MR JUAN MANUEL GONZÁLEZ SERNA	Member	Independent
MR ANTHONY L. GARDNER	Member	Independent
MR MANUEL MOREU MUNAIZ	Member	Independent
MR ÁNGEL JESÚS ACEBES PANIAGUA	Member	Independent

<b>% of executive directors</b>	20.00
<b>% of proprietary directors</b>	0.00
<b>% of independent directors</b>	80.00
<b>% of other external directors</b>	0.00

Explain the functions delegated or assigned to this committee, other than those that have already been described in Section C.1.9, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Executive Committee is assigned all the powers of the Board of Directors, except for those powers that may not be delegated pursuant to legal or by-law restrictions. The chairman of the Board of Directors and the chief executive officer, if any, are members in all cases. The secretary of the Board of Directors acts as secretary of the Committee. The appointment of its members, with a minimum of 4 and a maximum of 8, and the delegation of powers thereto, is carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof.

The Executive Committee shall meet as many times as deemed necessary by the chair thereof. It shall also meet when so requested by a minimum of two of the directors forming part thereof.

Resolutions of the Committee shall be adopted by absolute majority of its members who are present at the meeting in person or by proxy.

The duties of this Committee consist of making proposals to the Board of Directors regarding strategic decisions, investments and divestitures that are significant for the Company or the group, assessing their conformity to the current budget and strategic plans and analysing and monitoring business risks. It also provides assistance to the Board of Directors in the ongoing supervision of compliance with the principles governing the organisation and the coordination of the group and the strategic goals thereof.

The most significant activities performed by this Committee during financial year 2021 are described in the Activities Report of the Board of Directors and of the Committees thereof, which is published for purposes of the call to the General Shareholders' Meeting (<https://www.iberdrola.com/corporate-governance/general-shareholders-meeting/documents>). Particularly noteworthy are the following:

- a) Monitoring of investment projects.
- b) Setting the baseline of the budget for 2022 and monitoring implementation of the budget for 2021.
- c) Monitoring the achievement of targets in accordance with outlook 2020-2025 and view to 2030.
- d) Terms and conditions of the first increase in capital by means of a scrip issue.
- e) Monitoring of risk linked to changes in the group's environment.

#### AUDIT AND RISK SUPERVISION COMMITTEE

Name	Position	Current
MR XABIER SAGREDO ORMAZA	Chair	Independent
MS REGINA HELENA JORGE NUNES	Member	Independent
MS MARÍA ÁNGELES ALCALÁ DÍAZ	Member	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	100.00
% of other external directors	0.00

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how

it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Audit and Risk Supervision Committee is an internal informational and consultative body.

The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors who are not members of the Executive Committee. A majority of its members shall be independent, and at least one of them shall be appointed taking into account the knowledge and experience thereof in the areas of accounting, audit and risk management.

Without prejudice to the foregoing, the Board of Directors and the Appointments Committee shall endeavour to ensure that all members of the Audit and Risk Supervision Committee, and especially the chair thereof, have the expertise, qualifications and experience appropriate for the duties they are called upon to perform in the area of accounting, auditing and management of risks, both financial and non-financial, that at least one of them has experience in information technology, and that as a whole the members of the Audit and Risk Supervision Committee have relevant technical knowledge in the finance and internal control area, as well as in relation to the energy sector.

The Board of Directors shall appoint a chair of the Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.

The members of the Audit and Risk Supervision Committee shall be appointed for a maximum term of four years and may be re-elected on one or more occasions for terms of the same maximum length. The chair shall hold office for a maximum period of four years, after which period the director who has held office as such may not be re-elected until the passage of at least one year from ceasing to act as such.

A valid quorum shall be established with the attendance at the meeting, in person or by proxy, of a majority of its members, and resolutions shall be adopted by an absolute majority of votes of the members present at the meeting in person or by proxy.

The duties of the Committee are provided and are further developed in the Regulations of the Board of Directors, as well as in the Regulations of the Audit and Risk Supervision Committee.

The most significant activities performed by this Committee during financial year 2021 are described in the Activities Report of the Board of Directors and of the Committees thereof, which is published for purposes of the call to the General Shareholders' Meeting (<https://www.iberdrola.com/corporate-governance/general-shareholders-meeting/documents>). Particularly noteworthy are the following:

- a) Memorandum of internal control recommendations resulting from the financial information audit of financial year 2020 and implementation of said recommendations.
- b) Evaluation of the Internal Control over Financial Reporting System and Internal Control over Non-Financial Reporting System.
- c) Monitoring of political, reputational and related corruption risks and analysis of alert mechanisms.
- d) Reporting on the risks of the group's businesses.
- e) Approval of a new version of the Statutory Auditor Contracting and Relations Policy.
- f) Submission of the strategic cybersecurity plan.
- g) Submission to the Board of the proposed Procedure for Related-Party Transactions with Members of Senior Management, Delegated Related-Party Transactions and Series of Related-Party Transactions.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

<b>Names of directors with experience</b>	MR XABIER SAGREDO ORMAZA AND MS REGINA HELENA JORGE NUNES
<b>Date of appointment of the chairperson</b>	19/02/2019

#### NOMINATION COMMITTEE

<b>Name</b>	<b>Position</b>	<b>Current</b>
MS MARÍA HELENA ANTOLÍN RAYBAUD	Chair	Independent
MR ANTHONY L. GARDNER	Member	Independent
MR ÁNGEL JESÚS ACEBES PANIAGUA	Member	Independent

<b>% of executive directors</b>	0.00
<b>% of proprietary directors</b>	0.00
<b>% of independent directors</b>	100.00
<b>% of other external directors</b>	0.00

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Appointments Committee is an internal informational and consultative body.

The Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee, from among the non-executive directors.

A majority of the members of the Appointments Committee must be classified as independent. The Board also appoints the chair thereof from among the independent directors forming part thereof, as well as its secretary, who need not be a director.

The Board of Directors shall endeavour to ensure that the members of the Committee have such expertise, qualifications and experience as are required by the duties they are called upon to perform, particularly in the following areas: corporate governance, strategic human resources analysis and evaluation, selection of directors and management personnel, and performance of senior management duties.

The members of the Appointments Committee shall be appointed for a maximum term of four years and may be re-elected on one or more occasions for terms of the same maximum length.

A valid quorum shall be established with the attendance at the meeting, in person or by proxy, of a majority of its members, and resolutions shall be adopted by an absolute majority of votes of the members present at the meeting in person or by proxy.

The duties of the Committee are further developed in the Regulations of the Board of Directors, as well as in the Regulations of the Appointments Committee.

The most significant activities performed by this Committee during financial year 2021 are described in the Activities Report of the Board of Directors and of the Committees thereof, which is published for purposes of the call to the General Shareholders' Meeting (<https://www.iberdrola.com/corporate-governance/general-shareholders-meeting/documents>). Particularly noteworthy are the following:

- a) Review of the Board of Directors Diversity and Member Selection Policy and verification of compliance therewith.
- b) Reports relating to the proposed appointment of new members of senior management.
- c) Proposed appointments and re-elections of directors and for internal functions.
- d) Competencies matrix, talent management and development of executives.

#### REMUNERATION COMMITTEE

<b>Name</b>	<b>Position</b>	<b>Current</b>
MR JUAN MANUEL GONZÁLEZ SERNA	Chair	Independent
MR MANUEL MOREU MUNAIZ	Member	Independent
MR IÑIGO VÍCTOR DE ORIOL IBARRA	Member	Other external

<b>% of proprietary directors</b>	0.00
<b>% of independent directors</b>	66.67
<b>% of other external directors</b>	33.33

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Remuneration Committee is an internal informational and consultative body.

The Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee, from among the non-executive directors.

A majority of the members of the Remuneration Committee must be classified as independent. The Board also appoints the chair thereof from among the independent directors forming part thereof, as well as its secretary, who need not be a director.

The Board of Directors shall endeavour to ensure that the members of the Committee have such expertise, qualifications and experience as are required by the duties they are called upon to perform, and particularly regarding corporate governance, policy design and remuneration plans for directors and senior management.

The members of the Remuneration Committee shall be appointed for a maximum term of four years and may be re-elected on one or more occasions for terms of the same maximum length.

A valid quorum shall be established with the attendance at the meeting, in person or by proxy, of a majority of its members, and resolutions shall be adopted by an absolute majority of votes of the members present at the meeting in person or by proxy.

The duties of the Committee are further developed in the Regulations of the Board of Directors, as well as in the Regulations of the Remuneration Committee.

The most significant activities performed by this Committee during financial year 2021 are described in the Activities Report of the Board of Directors and

of the Committees thereof, which is published for purposes of the call to the General Shareholders' Meeting (<https://www.iberdrola.com/corporate-governance/general-shareholders-meeting/documents>). Particularly noteworthy are the following:

- a) Proposed *Director Remuneration Policy* and review of conformance of the contracts of the executive directors to the new Policy.
- b) Comparative analysis of the remuneration of executive directors.
- c) Components of the remuneration mix.
- d) Parameters linked to variable remuneration.
- e) Cessation of office of former Business CEO.
- f) Director Remuneration Report.

#### SUSTAINABLE DEVELOPMENT COMMITTEE

Name	Position	Current
MS SARA DE LA RICA GOIRICELAYA	Chair	Independent
MS NICOLA MARY BREWER	Member	Independent
MS ISABEL GARCÍA TEJERINA	Member	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	100.00
% of other external directors	0.00

Explain the functions assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Sustainable Development Committee is an internal informational and consultative body.

The Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee, from among the non-executive directors.

A majority of the members of the Sustainable Development Committee must be classified as independent. The Board of Directors shall appoint a chair of the Committee from among the members forming part thereof, as well as its secretary, who need not be a director.

The members of the Sustainable Development Committee shall be appointed for a maximum term of four years and may be re-elected on one or more occasions for terms of the same maximum length.

A valid quorum shall be established with the attendance at the meeting, in person or by proxy, of a majority of its members, and resolutions shall be adopted by an absolute majority of votes of the members present at the meeting in person or by proxy.

The duties of the Committee are further developed in the Regulations of the Board of Directors, as well as in the Regulations of the Sustainable Development Committee.

The most significant activities performed by this Committee during financial year 2021 are described in the Activities Report of the Board of Directors and of the Committees thereof, which is published for purposes of the call to the General Shareholders' Meeting (<https://www.iberdrola.com/corporate-governance/general-shareholders-meeting/documents>). Particularly noteworthy are the following:

- a) Monitoring of the elements affecting corporate reputation.
- b) Manual of procedures for reputational crisis events.
- c) Tools for measuring corporate social responsibility, as well as setting of ESG goals in all businesses and corporate areas.
- d) Monitoring of activities in the areas of employment, satisfaction, diversity, integrity, non-discrimination, equality, reconciliation, accessibility and mobility.
- e) Monitoring of work on the circular economy and climate governance.
- f) Review of the level of implementation of the Sustainable Development Plan 2020-2022.
- g) Development of a Stakeholder Engagement Model.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	Year 2021		Year 2020		Year 2019		Year 2018	
	Number	%	Number	%	Number	%	Number	%
<b>Executive Committee</b>	0	0.00	1	20.00	2	50.00	2	40.00
<b>Audit and Risk Supervision Committee</b>	2	66.66	1	33.33	2	50.00	2	50.00
<b>Appointments Committee</b>	1	33.33	1	33.33	1	33.33	1	33.33
<b>Remuneration Committee</b>	0	0.00	0	0.00	1	33.33	1	33.33
<b>Sustainable Development Committee</b>	3	100.00	3	100.00	2	66.67	1	33.33

C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments



made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

The committees of the Board are governed by the Regulations of the Board of Directors. Each of the consultative committees also has its own regulations, available at [www.iberdrola.com](http://www.iberdrola.com), where one can also find the Activities Report of the Board of Directors and of the Committees thereof.

During the process of ongoing revisions to the Governance and Sustainability System, apart from technical improvements, amendments to the Regulations of the Appointments Committee and the Regulations of the Audit and Risk Supervision Committee have been made in order for the latter committee to be the one reporting on related-party transactions. Amendments have also been made to the Regulations of the Sustainable Development Committee in order to expand its powers, especially including the power to report on the climate action plan and to monitor the plan by reviewing the level of achievement thereof.

## **D** RELATED PARTY AND INTRAGROUP TRANSACTIONS

- D.1 Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Pursuant to the Regulations of the Board of Directors, Related-Party Transactions means those transactions carried out by the Company or its subsidiaries with directors, with shareholders holding ten per cent or more of the voting rights or who have proposed or caused the appointment of any of the directors, or with any other parties who should be considered parties related to the Company in accordance with International Accounting Standards.

Transactions that are not classified as such in accordance with the law, and particularly those identified in section 2 of Article 48 of the Regulations of the Board of Directors will not be deemed Related-Party Transactions.

The approval of Related-Party Transactions must be decided by the shareholders at a General Shareholders' Meeting in the instances provided by law, and particularly if it relates to a transaction having a value of more than 10% of the total items of the assets of the group according to the last consolidated annual balance sheet approved by the shareholders at the General Shareholders' Meeting of the Company.

Other Related-Party Transactions are subject to the approval of the Board of Directors. However, Related-Party Transactions may be approved by the Executive Committee due to the urgency of the matter, giving notice thereof at the next meeting of the Board of Directors in order for them to be ratified.

The Board of Directors, through the Audit and Risk Supervision Committee, shall endeavour to ensure that Related-Party Transactions are fair and reasonable from the viewpoint of the Company and, if applicable, of shareholders other than the related party. As provided by law, the approval of Related-Party Transactions must be the subject of a prior report of the Audit and Risk Supervision Committee, which shall verify compliance with said requirements.

The Board of Directors may delegate the approval of Related-Party Transactions when so allowed by law, and particularly those transactions that simultaneously satisfy the following three conditions: (i) that they are conducted under contracts whose terms and conditions are standardised and apply on an across-the-board basis to a large number of customers; (ii) that they are conducted at prices or rates established generally by the party acting as supplier of the goods or services in question; and (iii) that the amount thereof does not exceed 0.5% of the consolidated net turnover of the group.

The approval of the aforementioned Related-Party Transactions, particularly those relating to electricity and gas services, shall not require a prior report of the Audit and Risk Supervision Committee. The Board of Directors has established a regular

internal reporting and control procedure in relation thereto, in which the Audit and Risk Supervision Committee must participate, which shall verify the fairness and transparency of such transactions and compliance with any legal criteria applicable to the corresponding exceptions. The execution of these types of transactions is the responsibility of the representatives of the group company in question. The Audit and Risk Supervision Committee, with the assistance of the Internal Audit Area and with the information provided for this purpose by the Office of the Secretary of the Board and the Compliance Unit, shall examine these types of Related-Party Transactions each year and shall submit the corresponding report to the Board of Directors.

In the case of customary or recurring Related-Party Transactions in the ordinary course of business, it shall be sufficient to give a generic prior approval of the kind of transaction and of the conditions for performance thereof, provided that they are transactions with the same counterparty and their object is homogeneous. The Board of Directors is responsible for approving the various series of operations. In relation to the series of transactions, the Audit and Risk Supervision Committee, with the assistance of the Internal Audit Area, must issue an annual report to be submitted to the Board of Directors verifying compliance with the conditions established by the Board of Directors when approving the series of transactions in question.

If a Related-Party Transaction entails the successive performance of different transactions, of which the second and subsequent transactions are mere acts of execution of the first transaction, the provisions of this section shall only apply to the first transaction carried out.

The execution of a Related-Party Transaction puts the director who engages in said transaction or is related to the person engaging in the transaction in a conflict of interest, for which reason the duty to abstain in the deliberation and voting on the approval resolution shall apply.

The Company shall publicly announce Related-Party Transactions no later than the time of execution thereof in the cases, to the extent and in the manner prescribed by law.

The Company shall also report Related-Party Transactions in the half-yearly financial report, in the annual corporate governance report, and in the notes to the annual financial statements.

In any event, directors must give written notice to the secretary of the Board of Directors, on a half-yearly basis, regarding the Related-Party Transactions in which they or persons connected to the Company and related to such directors have engaged.

- D.2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the

competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the shareholder or any of its subsidiaries	Shareholding	Name or company name of the company or entity within its group	Nature of the relationship	Type of operation and other information required for its evaluation	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents

D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the administrators or managers or their controlled or jointly controlled entities	Name or company name of the company or entity within its group	Relationship	Nature of the operation and other information necessary for its evaluation	Amount (thousands of euros)	Approving body	Identity of the shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents
MR XABIER SAGREDO ORMAZA	Iberdrola Clientes, S.A. (Sociedad Unipersonal), an indirectly wholly-owned company.	Mr Xabier Sagredo Ormaza, a director of Iberdrola, S.A., is chairman of the Board of Bilbao Bizkaia Kutxa Fundación Bancaria	Sponsorship agreement to promote activities of general interest within the framework of the BBK-Klima project	422	Board of Directors	Mr Xabier Sagredo Ormaza	YES

Observations
The amount will be paid over the term of the contract (until 31 December 2025) as follows: (i) €204.1 thousand in 2021; and (ii) €54.6 thousand in the years 2022 through 2025.

- D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

<b>Company name of the entity within the group</b>	<b>Brief description of the operation and other information necessary for its evaluation</b>	<b>Amount (thousands of euros)</b>

<b>Observations</b>
Transactions with subsidiaries and companies in which the Company has an interest that have not been eliminated in the process of consolidation were made in the ordinary course of business of the Company, were carried out under arm's-length conditions, and are of little significance to accurately reflect the assets, financial condition and results of operations of the Company.

- D.5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

<b>Company name of the related party</b>	<b>Brief description of the operation and other information necessary for its evaluation</b>	<b>Amount (thousands of euros)</b>

- D.6 Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties.

<p>Pursuant to the Regulations of the Board of Directors, a conflict of interest shall be deemed to exist in those situations provided by law, and particularly when the interests of the director, either for their own or another's account, directly or indirectly conflict with the interest of the Company or of companies within the group and with their duties to the Company.</p> <p>An interest of the director shall exist when the matter affects the director or a person related thereto.</p> <p>The Regulations of the Board of Directors deem the following to be persons related to a Director:</p>
--

- a) The director's spouse or person related to the director by a like relationship of affection.
- b) The ascendants, descendants and siblings of the director or of the director's spouse (or of a person with a like relationship of affection).
- c) The spouses of the director's ascendants, descendants and siblings.
- d) Companies or entities in which the director directly or indirectly holds, including through an intermediary, an interest that gives the director significant influence or in which the director holds a position on the management body or within the senior management thereof or of its controlling company. For these purposes, it is assumed that any interest equal to or greater than ten per cent of the share capital or voting rights or based on which representation on the company's management body could be obtained, in fact or by law, provides a significant influence.
- e) Shareholders that the director represents on the Board of Directors.

Conflicts of interest shall be governed by the following rules:

1. Communication: once a director becomes aware of being in a situation of conflict of interest, the director must give written notice of the conflict to the Board of Directors, in the person of the secretary thereof, as soon as possible. The secretary shall periodically submit a copy of the notices received to the Appointments Committee, in the person of the secretary thereof.

The notice shall contain a description of the situation giving rise to the conflict of interest, with a statement as to whether it is a direct conflict or an indirect conflict through a related person, in which case the latter person must be identified.

Any question as to whether a director might be involved in a conflict of interest must be forwarded to the secretary of the Board of Directors.

2. Abstention: a director must refrain from taking any action until the Board of Directors reviews the case, approves the appropriate decision and informs the director thereof.

To this end, the director shall leave the meeting during the deliberation and voting on those matters in which the director is affected by a conflict of interest, and shall not be counted in the number of members in attendance for purposes of the calculation of a quorum and the majorities required for approving resolutions.

At each meeting of the Board of Directors and of the committees thereof, the secretary shall remind the directors, before dealing with the agenda, of the abstention rule.

3. Transparency: whenever required by law, the Company shall report any cases of conflict of interest in which the directors have been involved during the financial year in question and of which the Company is aware by reason of notice given thereto by the director affected by such conflict or by any other means.

In those instances in which the conflict of interest is, or may reasonably be expected to be, of such a nature that constitutes a structural and permanent conflict of interest between the director (or a person related thereto) and the Company or the companies forming part of the group, it shall be deemed that the director lacks, or has lost, the competence required to hold office.

Conflicts of interest with officers are subject to the same rules of communication, abstention and transparency.

Transactions with significant shareholders are governed by the rules described in Section D.1 of this Report.

D.7 Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.

Yes

No

## **E** RISK MANAGEMENT AND CONTROL SYSTEMS

- E.1 Explain the scope of the company's financial and non-financial risk management and control system, including tax risk.

Pursuant to the three lines model, Iberdrola's General Risk Control and Management Policy and the risk policies (corporate and those specific to the businesses) in development thereof are implemented within a comprehensive risk control and management system, supported by the group's Risk Committee and based upon a proper definition and allocation of duties and responsibilities at the operating level and upon supporting procedures, methodologies and tools, suitable for the various stages and activities within the system, including:

- a) The establishment of a structure of risk policies, guidelines, limits and indicators, as well as of the corresponding mechanisms for the approval and implementation thereof.
- b) The ongoing identification of significant risks and threats, taking into account their possible impact on key management objectives and the financial statements (including contingent liabilities and other off-balance sheet risks).
- c) The analysis of such risks, both at each corporate business or function and taking into account their combined effect on the group as a whole.
- d) The measurement and control of risks following homogeneous procedures and standards common to the entire group.
- e) The analysis of risks associated with new investments, as an essential element in risk/return-based decision-making, including physical and transition risks related to climate change.
- f) The maintenance of a system for monitoring and control of compliance with policies, guidelines and limits, by means of appropriate procedures and systems, including the contingency plans needed to mitigate the impact of the materialisation of risks.
- g) The ongoing evaluation of the suitability and efficiency of applying the system and the best practices and recommendations in the area of risks for eventual inclusion thereof in the model.
- h) The audit of the comprehensive risk control and management system by the Internal Audit Division.

The foregoing is undertaken in accordance with the following main principles of conduct:

- a) Integrate the risk/opportunity vision into the group's management, through a definition of the strategy and the risk appetite and the incorporation of this variable into strategic and operating decisions.
- b) Segregate functions, at the operating level, between areas that assume risks and areas responsible for the analysis, control and monitoring of such risks, ensuring an appropriate level of independence between them.



- c) Guarantee the proper use of risk-hedging instruments and the maintenance of records thereof as required by applicable law.
- d) Inform regulatory agencies and the principal external players, in a transparent fashion, regarding the risks facing the group and the operation of the systems developed to monitor such risks, maintaining suitable channels of communication.
- e) Ensure appropriate compliance with the corporate governance rules established by the Company through its Governance and Sustainability System and the update and continuous improvement thereof within the framework of the best international practices as to transparency and good governance, and implement the monitoring and measurement thereof.
- f) Act at all times in compliance with the values and standards of conduct reflected in the Code of Ethics, under the principle of “zero tolerance” for the commission of unlawful acts and situations of fraud set forth in the Crime Prevention Policy and in the Anti-Corruption and Anti-Fraud Policy and the principles and good practices reflected in the Corporate Tax Policy.

The General Risk Control and Management Policy and the risk policies apply to all companies that make up the group, over which the Company has effective control, within the limits established by the laws applicable to the regulated activities carried out by the group in the various countries in which it operates.

Excluded from the scope of this policy are listed country subholding companies and the subsidiaries thereof which, pursuant to their own special framework of strengthened autonomy, have their own risk policies approved by their competent bodies. In any event, said risk policies must be in accord with the principles set forth in risk policies of the group.

At those companies over which the Company does not have effective control, the Company shall promote principles, guidelines, and risk limits consistent with those established in the General Risk Control and Management Policy and in its supplemental risk policies and shall maintain appropriate channels of information to ensure a proper understanding of risks.

Iberdrola believes that its comprehensive risk control and management system operates on a comprehensive and continuous basis, strengthening such management by business unit or activity, subsidiaries, geographic areas and corporate-level support areas.

- E.2 Identify the bodies within the company responsible for preparing and executing the financial and non-financial risk management and control system, including tax risk.

#### 1. BOARD OF DIRECTORS

In the area within its purview, and with the support of the Audit and Risk Supervision Committee, it must use develop all of its capabilities in order for the significant risks of the group to be adequately identified, measured, managed and controlled, and to establish through the General Risk Control and Management Policy the mechanisms and basic principles for appropriate management of the risk/opportunity ratio. By virtue thereof, it defines the risk strategy and profile of the group and approves the risk policies.

## 2. EXECUTIVE COMMITTEE

In order to conform the impact of the risks to the established appetite, upon the proposal of affected business or corporate divisions and after a report from the group's Risk Committee, it annually reviews and approves the specific guidelines regarding the risk limits of the corporate risk policies.

## 3. AUDIT AND RISK SUPERVISION COMMITTEE.

As a consultative body of the Board, it is vested with various powers relating to the Comprehensive Risk Control and Management System, as set forth in Articles 3, 5, 6 and 10 of the Regulations thereof.

This includes the following (by way of example and based on the importance thereof):

- Conduct a periodic review of the risk policies on at least an annual basis.
- Continuously review and supervise the effectiveness of the internal control and risk management systems, such that the principal risks are properly identified, managed and reported.
- Obtain and analyse with the external auditor information regarding any significant deficiency in internal control that the statutory auditor detects.
- Ensure that the internal control policies and systems are effectively applied.
- As regards the activities of the Risk Management and Internal Assurance Division, which is functionally controlled by the Committee: i) supervise the activities and ensure the effectiveness thereof, and ii) approve the direction and the annual management plan of the Division and its budget.
- Evaluate the various risk tolerance levels established in the risk policies in order to, if appropriate, propose the adjustment thereof.
- Promoting a risk-avoidance culture.
- Endeavour to ensure that the group's internal control and risk management system identifies at least: i) the different types of financial and non-financial risks, ii) the establishment and review of the risk levels that the Company deems acceptable, iii) the measures planned in order to mitigate the impact of identified risks in the event they occur, and iv) the information and internal control systems used to monitor and manage the risks.
- At least annually, call a meeting with each of the heads of the businesses of the group and of the relevant corporate areas to exercise the powers of the Committee to be informed of the trends of their respective businesses or corporate areas and the risks associated therewith, all without prejudice to the corporate and governance structure of the group, pursuant to which each of the country subholding companies directly and effectively manages the risks of their businesses.
- Maintain appropriate relationships with the audit and compliance committees of the other companies of the group.
- Identify and evaluate emerging risks.

- Obtain creditable information as to whether the most significant risks are managed and maintained within the tolerance figures that have been established.
- Receive information from the Company's tax director regarding the tax guidelines applied during the financial year, and particularly regarding the level of compliance with the Corporate Tax Policy, as well as regarding the tax consequences of transactions or matters that must be submitted to the Board of Directors for approval when such consequences represent a significant issue.

#### 4. BOARDS OF DIRECTORS OF COUNTRY SUBHOLDING AND HEAD OF BUSINESS COMPANIES

The country subholding companies adopt the group's risk policies and specify the application thereof, approving the guidelines on specific risk limits. The audit and compliance committees of such companies shall report to the Board of Directors on the internal control and risk management systems.

The management decision-making bodies of the head of business companies of each country or region approve the specific risk limits applicable to each of them and implement the necessary control systems.

Pursuant to their special framework of strengthened autonomy, the listed companies of the group have their own risk policies, which are aligned with those of the group.

#### 5. GROUP RISK COMMITTEE

This is a technical body that is chaired by the Risk Management and Internal Assurance Director and that performs executive duties in the customary management of risks and provides advice to the governance bodies of the group.

- It meets at least once a month, with the participation of the group's Risk Management director, the risk directors of the country subholding companies and corporate areas that have such a position, the Internal Audit Area and the Administration and Control Division.
- It reviews new reported risks and the reports monitoring the main existing risks, and issues the Quarterly Risk Report of the group, which includes the main risk positions, the report on compliance with policies and risk limits and indicators, and the update of the key risks map.

It is supplemented by the credit risk and market risk committees, which report to the former, and which meet on a monthly basis.

- E.3 Indicate the main financial and non-financial risks, including tax risks, as well as those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant and may affect the achievement of business objectives.

The group is subject to various risks inherent in the different countries, industries and markets in which it does business and in the activities it carries out, which may prevent it from achieving its objectives and successfully implementing its strategies.

In the “Principal risks and uncertainties” section of the Management Report of the consolidated Annual Financial Report for financial year 2021, there is a detailed description of the principal risks of the group.

Pursuant to the definitions established by the General Risk Control and Management Policy, risks at the group level are classified as follows:

- Corporate governance risks.
- Market risks.
- Credit risks.
- Business risks.
- Regulatory and political risks.
- Operational, technological, environmental, social and legal risks.
- Reputational risks.

Given the multidimensional nature of the risks, the taxonomy includes additional classification variables for improved monitoring, control and reporting of these risks through the monitoring tools. These additional categories include:

- The classification of risks into structural, current and emerging, the latter of which are understood as possible new threats with an uncertain impact and undefined probability, and which are growing.
- The inclusion of secondary risk factors, including environmental, sustainability and governance (environmental, social and governance, or “ESG”), with potential reputational impacts, including those relating to climate change, fraud or corruption, corporate governance, regulatory compliance, tax, labour and diversity, impacts on local communities, safety and health of people, cybersecurity, and third party risk factors.

Furthermore, Iberdrola has a Compliance System made up of a set of substantive rules, formal procedures and significant actions intended to ensure that conduct is in accordance with ethical principles and applicable law, preventing, avoiding and mitigating the risk of conduct that is improper or contrary to ethics or the law.

Elements of the system include the Code of Ethics (which is applicable to all professionals of the group, board members and suppliers) and the Compliance Unit, a collective permanent and internal body linked to the Sustainable Development Committee, which, among other things, spreads a preventive culture based on the principle of “zero tolerance” towards the commission of illegal acts and improper conduct. The System has been designed following the best domestic and international practices in the area of compliance, fraud prevention and the fight against corruption.

Finally, in relation to possible risks with a reputational impact, the following is reported:

- The proceeding that commenced in April 2017 when the Public Prosecutor filed a claim against Iberdrola Generación España, S.A.U., bringing before the courts an adverse government ruling by the National Markets and

Competition Commission (*Comisión Nacional de los Mercados y de la Competencia*) (“CNMC”), which was appealed to the contentious-administrative courts, relating to the price of bids for the Duero, Sil and Tajo hydroelectric management units between 30 November 2013 and 23 December 2013.

- The hiring of entities linked to the former police commissioner José Manuel Villarejo Pérez, a matter disclosed in section C.1.37.
- The commencement of an oral criminal trial ordered by Preliminary Examining Court No. 4 of Valladolid for the alleged Wind Farm Payoff Scheme (*Trama Eólica*) in Castile-León, which orders Iberdrola Renovables de Castilla y León S.A. to appear as a party with potential subsidiary civil liability in the amount of €11,257,500, jointly and severally with the Regional Government of Castile and León.

For more details regarding the risks to which the group is subject, see:

- The “Risks” subsection of the “Climate Action” section of the Statement of Non-Financial Information-Sustainability Report 2021.
- Section 5.3 “Risks” of the Integrated Report February 2022.

The activities of the group during financial year 2022 and subsequent years will be particularly affected by the following main risk factors:

- The aforementioned ESG risks.
- Changes in the interest rate and exchange rate of the principal countries in which the group does business, as well as inflation.
- Changes in international gas prices and emission allowances (or equivalent mechanisms) and their impact on electricity prices.
- Competition in the liberalised market.
- The annual change in hydraulic, solar and wind resources.
- The ability to implement the major investment plan, in terms of cost and timing.
- Financial and reputational risk arising from a potential increase in cybersecurity attacks or incidents. There are regular appearances before the Audit and Risk Supervision Committee of executive officers competent to report on this issue.
- Changes in industry regulations, particularly in Spain and Mexico.

E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.

The Company’s Board of Directors reviews and approves the risk tolerance level that is acceptable for the group on an annual basis. The General Risk Control and Management Policy, together with the policies that further develop and supplement it, qualitatively and quantitatively establish the annually accepted risk appetite, in a sufficiently detailed manner, both at the group level and at the level of each of its principal businesses and corporate functions, in accordance with the

objectives established in the multi-year plan and the corresponding annual budgets.

By way of complement, the Administration and Control Division, after considering such limits and guidelines, in order to verify the risk globally assumed in the annual profit and loss account, engages in a comprehensive probability analysis of the global risk remaining for the financial year at the time of approving the annual budget.

In addition, all new multi-year plans are accompanied by their corresponding analysis of associated risk.

The General Risk Control and Management Policy is further developed and supplemented through the following policies, which are also subject to approval and update by the Company's Board of Directors, and which include the following risk limits and indicators:

Corporate Risk Policies:

- Corporate Credit Risk Policy
- Corporate Market Risk Policy
- Operational Risk in Market Transactions Policy
- Insurance Policy
- Investment Policy
- Financing and Financial Risk Policy
- Treasury Share Policy
- Risk Policy for Equity Interests in Listed Companies
- Information Technology Policy
- Cybersecurity Risk Policy
- Reputational Risk Framework Policy
- Purchasing Policy
- Occupational Safety and Health Risk Policy

Risk policies for the various businesses of the group:

- Risk Policy for the Networks Businesses of the Iberdrola group
- Risk Policy for the Renewable Energy Businesses of the Iberdrola group
- Risk Policy for the Liberalised Businesses of the Iberdrola group
- Risk Policy for the Real Estate Business

The General Risk Control and Management Policy, as well a summary of the risk policies in further implementation thereof, are available on the corporate website.

The limits and indicators of the risk policies should be consistent with the annual budget and the objectives set forth in the multi-year investment plans. The numeric values of the limits and indicators set forth in the various policies are probabilistic in nature (like VaR and EBITDA at risk) or deterministic in nature, and

are expressed in monetary units, indices or benchmarks based on which volumetric risks and/or values are generated, including:

- limits on the maximum overall credit risk exposure by type of counterparty;
- limitations on market risk proportional to the volume of activity of each business;
- strict overall limit on the discretionary trading of energy;
- limitations on operational risk through preventative maintenance programmes and assurance programmes; and
- strict limitations on activities not associated with the main energy business.

The Corporate Tax Policy establishes the limits on tax risk by setting the tax strategy, the principles of conduct and the good tax practices assumed by the Company.

As described above, the Iberdrola group has a risk tolerance level (acceptable risk level) established at the corporate level, which is annually approved by the Board of Directors and its Executive Committee. The group's Risk Committee, the Operating Committee, the Audit and Risk Supervision Committee, the businesses, the corporate functions and the Risk Management and Internal Assurance Division also participate in the process.

E.5 Indicate which risks, including tax risks, have materialised during the year.

The activities of the Iberdrola group during 2021 were affected by various risks that materialised in the countries and markets in which it operates. Thanks to a diversification of activities, markets and geographical regions (which allowed the negative impacts on some businesses to be offset by favourable performance in others) and the measures adopted by the group, the overall impact on the group's consolidated financial statements has been limited.

Risks that have materialised include the following:

In Spain The various measures of intervention in the Spanish electricity market approved by the Government, following a progressive and high rise in prices in the international gas and CO2 markets, including, amongst others:

- Royal Decree-Law 17/2021 of 14 September, and Royal Decree-Law 23/2021 of 26 October partially mitigating the effect of the former, which have had an insignificant impact on the Group's consolidated Annual Financial Statements for 2021.
- Proposed law on CO2 price reduction, currently in the parliamentary process.

In the United States (Avangrid): The suspension of construction of the new transmission line (NEW ENGLAND CLEAN ENERGY CONNECT "NECEC") following the referendum in Maine, and the non-approval by the New Mexico state regulator of the merger between PNM Resources and Avangrid. Both decisions have been appealed to the Supreme Courts of Maine and New Mexico, respectively.

In the United Kingdom:

- The extraordinary impact on the group's profit and loss account of the increase in UK corporate tax in the total amount of €453 million.
- Lower wind resource (28% lower than expected) in a high price scenario.

In Mexico: The proposed constitutional, currently under debate, which aims to repeal the current legal framework for the country's electricity industry set out in the Electricity Industry Act (*Ley de la Industria Eléctrica*) and the Public Electricity Service Act (*Ley del Servicio Público de la Energía Eléctrica*) of 1992.

Other risks that have materialised:

- The write-down of Neoenergia's stake in the Belomonte hydroelectric plant, after classifying it as held for sale, with an impairment of R\$483.
- The provision made in accounts receivable from our discontinued Engineering business of US\$41 million, associated with the enforced guarantee of the Salem Project, after receiving confirmation that probable recoverability is only US\$89 million of the US\$130 million disbursed.

Positive developments include the following:

The Supreme Court ruling declaring the hydroelectric fee to be illegal, with a positive impact on EBITDA of €951 million, due to lower taxes for the period 2013-2020, plus €155 million in interest, to which should be added the €284 million fee that would have accrued in 2021.

- E.6 Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise

The comprehensive risk control and management system, together with the control and management policies and systems that implement them, including the group's Risk Committee and the Company's Operating Committee, have allowed for the identification of risks and new threats sufficiently in advance, as well as for establishing appropriate mitigation plans.

The Company's Operating Committee meets on an approximately weekly basis.

The group's Risk Committee, which reviews the evolution of the various risks, meets on a monthly basis, and on a quarterly basis issues the Quarterly Risk Report of the group, which includes the main risk positions, the report on compliance with policies and limits approved, and the update of the key risks map.

On at least a quarterly basis, the Audit and Risk Supervision Committee of the Board of Directors supervises the evolution of the Company's risks:

- It reviews the group's Quarterly Risk Report submitted by the group's Risk director.
- It coordinates and reviews the Risk Report submitted on a regular basis (at least half-yearly) by the audit and compliance committees of the business subholding companies of the group.



- On at least a half-yearly basis, it prepares a Risk Report for the Board of Directors.

## **F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)**

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

### **F.1 The entity's control environment**

Report on at least the following, describing their principal features:

- F.1.1. The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

Iberdrola's Board of Directors is ultimately responsible for implementing and maintaining a proper and effective internal control over financial reporting ("ICFR") system. The Boards of Directors of each of the country subholding companies and of the head of business companies also have this responsibility within their respective purview.

The heads of the country subholding companies and of the head of business companies, together with their respective heads of control, as well as the directors of the corporate areas, are in turn responsible for the design and implementation of the ICFR system. This responsibility is explicitly set forth in the certifications that said persons sign on a half-yearly basis in relation to the financial information for their respective areas of responsibility.

Pursuant to Article 31.6.d of the Regulations of the Board of Directors, the Audit and Risk Supervision Committee (hereinafter, "ARSC") is responsible for supervising the effectiveness of the internal control of the Company and of its group, as well as the risk management systems thereof. Article 31.6.f also provides that the duties of the ARSC include that of supervising the process of preparing and presenting mandatory financial information and submitting recommendations or proposals to the Board of Directors to protect the integrity of this information.

The ARSC is supported by the Risk Management and Internal Assurance Area and the Internal Audit Area in the performance of its powers with respect to the internal control and risk management systems. Any audit committees at the country subholding and head of business companies have these powers within their respective purview.

The mission of the Risk Management and Internal Assurance Area, which is functionally subordinate to the ARSC (according to the IIA 2020 "Three Lines Model" of The Institute of Internal Auditors, this area would be a "second line"), is to ensure the proper definition, implementation and maintenance of the ICFR system, assuring Senior Management and the Board of Directors, through the ARSC, that it is effective.

- F.1.2. Indicate whether the following exist, especially in relation to the drawing up of financial information:

- Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of

responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.

The Board of Directors of Iberdrola defines the organisational structure at the first level. The heads of these top-level organisations, together with the Human Resources, General Services and Corporate Security Division, implement the deployment within their respective purview.

Each top-level division prepares a proposed organisational structure, including a description of the mission, duties and responsibilities of the various organisations deployed, which must subsequently be validated by the Human Resources, General Services and Corporate Security Division, as well as by the Finance, Control and Resources Area.

The main responsibility for preparing financial information lies with the corporate Administration and Control Division. This division proposes the structure of heads of Control of the country subholding and head of business companies and deals with coordinating and supervising the conduct thereof.

- Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.

The Iberdrola group has a Code of Ethics that was first approved by the Board of Directors in financial year 2002, and that is regularly reviewed and updated.

The Code of Ethics is communicated and disseminated among the professionals of the Iberdrola group in accordance with the plan approved annually for this purpose by the Compliance Unit of Iberdrola (the “Unit”), which provides for various initiatives in the area of training (both on-line and in-person) and communication, addressed to the various groups of professionals based on their exposure to Compliance risks.

The Code of Ethics, which includes informational transparency among its general ethical principles and principles on relations with Iberdrola’s stakeholders, expressly states the following in Article B.6.:

“1. The group shall provide true, proper, useful and reliable information regarding its performance and relevant conduct. The transparency of the information required to be disclosed is a basic principle that must govern the conduct of all directors, professionals and suppliers of the group.

2. The financial information of the group, and particularly the annual financial statements, shall reflect in all material respects a true and fair view of its assets, financial position and results as provided by law. For such purposes, no directors, professional or supplier shall conceal or distort the information set forth in the accounting records

and reports of the group, which shall be complete, accurate and truthful.

3. A lack of honesty in the communication of information, whether within the group (to professionals, subsidiaries, departments, internal bodies, management decision-making bodies, etc.) or externally (to auditors, shareholders and investors, regulatory entities, the media, etc.) is a breach of this Code of Ethics. This includes delivering incorrect information, organising it in an incorrect manner or seeking to confuse those who receive it.”

The Unit, which is a collective permanent and internal body linked to the Sustainable Development Committee of Iberdrola, controls the effective operation of the Company’s Compliance System, with powers in the area of compliance. The duties of the Unit include ensuring the application of the Code of Ethics and of the other rules of the group in the compliance area, and the spread of a preventive culture based on the principle of “zero tolerance” towards the commission of unlawful acts. It also approves the “General Compliance System Framework of the Iberdrola group”, which contains the basic principles of structure and operation of the group’s Compliance System as well as the duties and responsibilities of the various bodies involved. The Unit also evaluates and prepares an annual report on the effectiveness of the Compliance System of Iberdrola and of the Iberdrola group. The report is submitted to the Sustainable Development Committee, which issues its opinion and forwards it to the Board of Directors.

The Unit is also in charge of investigating grievances and potential improper activities in order to determine whether a professional of Iberdrola has acted contrary to the provisions of applicable law or the Code of Ethics, and if applicable, to submit its conclusions to the Human Resources, General Services and Corporate Security Division for it to decide on the application of disciplinary measures in accordance with the offences and penalties system set forth in the collective bargaining agreement to which the professional belongs or in applicable labour law. The Compliance divisions of the other companies of the group perform this same function at each of them.

Pursuant to Article F.5.1 of the Code of Ethics, directors, professionals and suppliers of the group expressly accept the rules of conduct established therein that are applicable thereto.

Pursuant to Article F.5.2, professionals who hereafter join or become part of the group and suppliers contracting with companies of the group shall also expressly accept the rules of conduct to which they are subject as set forth in sections D (for professionals of the group) and E (for suppliers), respectively, of the Code of Ethics.

Likewise, directors shall receive a complete copy of the Code of Ethics, for which they shall deliver a signed receipt.

- Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is

confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.

Iberdrola has various ethics mailboxes based on the sender: (i) ethics mailboxes for the professionals of the group; (ii) the mailbox available to shareholders and investors; and (iii) the suppliers' mailbox, accessible from the Employee Portal, from the OLS "On Line Shareholders" system or their mobile app, and from the Supplier Portal, respectively. These channels allow for communicating and complaining of any conduct that may involve the commission of an improper act or an act in violation of legal provisions or of the rules of conduct laid down in the Code of Ethics or for asking questions regarding any issue with respect to compliance.

Identification of the complaining party or whistle-blower is not required to send a complaint through these mailboxes (complaints may be anonymous), and if one does so Iberdrola guarantees absolute confidentiality with respect to both the information provided and the personal data of the reporting party. The group naturally states its commitment to not retaliate against any professional making a complaint, unless there is bad faith on the party of the complaining party.

- Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.

Training is key in Iberdrola's human resources policy and is an essential element for adapting new professionals to Iberdrola and the proper performance of their jobs, as well as to keep the group's employees updated regarding any changes that occur within the group itself as well as the environment within which it does business.

As an example of the commitment to training, Iberdrola has a corporate campus with multiple training centres in various countries, including the International Corporate Campus in San Agustín de Guadalix (Madrid). Training in all areas is provided at these facilities by internal professionals, outside entities, universities, outside experts, etc.

Specifically, the personnel directly or indirectly involved in the preparation and review of financial information and in the evaluation of the ICFR system, based on their different responsibilities, receive regular training on accounting standards, auditing, internal control and risk management, which is intended to give them the knowledge needed for the optimal performance of their duties as well as to anticipate, to the extent possible, the proper alignment of the group with future rules and best practices. Most of these courses are provided by outside entities: business schools, universities and consultants specialising in economic/financial matters.

In addition, and on a general basis, these professionals regularly take coursework to improve their qualifications in the use of the

computer-based tools required to perform their duties, mainly Excel and database management.

They also attend various conferences, symposia and seminars in the areas of accounting, tax and internal audit, at both the domestic and the international level.

Furthermore, in order to pool best practices and analyse the challenges facing the group in these areas, various meetings among the professionals of these areas from the different countries and country subholding companies are organised on an annual basis. Specifically, in 2021 there were, among other events, the annual III International Internal Audit Planning Days and the “XIV Global Control Committee”, which analyses the most significant issues affecting the function, like new accounting rules.

As in 2020, a large portion of the activities and actions mentioned above have been carried out mainly virtually, due to the situation caused by COVID-19.

In addition, although not considered specific training activities, the Accounting Practice Division, which reports directly to the director of Administration and Control, who is responsible for defining and updating the accounting policies, publishes a quarterly bulletin that is broadly distributed within the group regarding new accounting developments with respect to International Financial Reporting Standards (“IFRS”), which includes updates on standards (standards that have entered into effect, drafts issued, standards issued, standards approved by the European Union, new standards and expected drafts, as well as existing standards) and accounting questions asked internally, together with the conclusions with respect thereto.

## F.2 Assessment of risks in financial reporting

Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- Whether the process exists and is documented.

The process of identifying risks of error in financial information is one of the most important steps within the methodology used for implementing Iberdrola’s ICFR system, documenting both the objectives and performance thereof as well as its results.

The methodology, developed and updated by the Risk Management and Internal Assurance Area, starts with an analysis of the consolidated financial information of the Iberdrola group and of the various country subholding companies, in order to select the most significant accounting headings and notes, pursuant to quantitative (materiality) and qualitative (business risk and third-party visibility) standards. The

headings and notes selected are grouped into management cycles or large processes in which the selected information is generated. The cycles are analysed and a high-level description of each of them is prepared as a means for identifying the potential risks of error in the financial information in relation to attributes like integrity, presentation, valuation, cut-off, recording and validity. The risks identified are subject to a process of assessment, selecting the most significant ones, applying professional judgement regarding a number of indicators (existence of documented processes and controls, intervention of systems that automate the process, occurrence of incidents in the past, familiarity with and maturity of the process, and need for the use of judgement to make estimates). The risks of fraud are not subject to explicit identification, although they are taken into account to the extent that they can generate material errors in the financial information.

Once the most significant risks have been selected and the main aspects to be controlled are identified, the controls required for the mitigation or management thereof are selected and designed, with these controls being subject to monitoring and documentation within the scope of the ICFR system.

The Risk Management and Internal Assurance Area provides specialised knowledge regarding internal control and carries out duties of support and coordination throughout the process described above, endeavouring to ensure the consistency and homogeneity of the model within the group, as well as the efficiency and effectiveness thereof.

The selected risks are reviewed at least annually within the framework of the assessment of the effectiveness of the internal control system performed by those responsible for it with the support and coordination of the Risk Management and Internal Assurance Area. This review is intended to update the risks to the changing circumstances in which the Company operates, especially in the event of changes in the organisation, computer systems, regulation, products or the status of the markets.

The above risks, together with the controls that mitigate them, are systematically reviewed by the Internal Audit Area.

- Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.

As mentioned above, the cycles or large processes in which financial information is generated are reviewed at least on an annual basis to identify potential risks of error in relation to attributes like validity (existence and approval), integrity, valuation, presentation, cut-off and recording.

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

The scope of consolidation is identified on a monthly basis, and is used to produce an updated map of companies, expressly identifying the changes that have occurred each period.

The scope of this review is the totality of companies in which Iberdrola or any of its subsidiaries has an interest, regardless of the significance thereof.

Furthermore, following the provisions of Section 529 of the Companies Act, the Regulations of the Board of Directors provide that the purview of the Board of Directors includes, among other things, approving the creation or acquisition of equity interests in special purpose entities or entities registered in countries or territories that are considered to be tax havens, as well as any other transactions of a similar nature that, due to their complexity, might diminish the transparency of the group. In any event, the making of such decisions requires a prior report of the ARSC, as provided in its Regulations.

Pursuant to specific internal procedures in effect (conforming to the current corporate governance model), the initiative relating to the creation or acquisition of an interest in a special purpose entity or an entity domiciled in a tax haven is within the purview of the management of the group or of the country subholding company or head of business company or subsidiary thereof that intends to create or acquire a company of this nature. In the event that such transactions are carried out by listed country subholding companies of the group or by subsidiaries thereof, it shall be within the purview of the audit and compliance committee or similar body of such listed country subholding company.

- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

The process of identifying risks of error in financial information takes into account the effects of other types of risk (operational, technological, legal, tax, reputational, environmental, etc.) to the extent that they significantly affect the financial statements. These risks are assessed and managed by various corporate units such as the Risk Management Division or Legal Services, among others. However, there is no express identification of such other types for the categorisation of financial information risks.

- The governing body within the company that supervises the process.

The governing body that supervises the process is the ARSC, which is supported by the Risk Management and Internal Assurance Area and the Internal Audit Area in the performance of this duty.



### F.3 Control activities

Report on whether the company has at least the following, describing their main characteristics:

- F.3.1. Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

On 19 April 2021, Iberdrola's Board of Directors updated the Iberdrola group Financial Information Preparation Policy that applies to all companies of the group, and which further develops the process for preparing the consolidated financial information and clearly defines the powers vested in the ARSC and the audit and compliance committees of the other companies of the group.

"Consolidated financial information" means the information appearing in the consolidated annual financial statements, in the interim management statements corresponding to the results of Iberdrola and its consolidated group for the first and third quarter, and in the Half-Yearly Financial Report.

The policy provides that the financial information required for the preparation of the "consolidated financial information" must be prepared in accordance with the accounting standards established in the Accounting Policies Handbook and the models approved by Iberdrola's Administration and Control Division.

The policy provides which management decision-making body of each company shall be responsible for preparing the financial information relating to its respective company that may be required to prepare the "consolidated financial information". By analogy, the management decision-making bodies of the country subholding companies shall be responsible for approving the "financial information for consolidation" within which the information regarding the company itself and that of the subsidiaries forming part of its subgroup are included.

Thus, the management decision-making bodies of the country subholding companies, following a report from their respective audit and compliance committees, and based on the information received from their subsidiaries, shall prepare and approve the financial information for consolidation corresponding to each subgroup, and once such information has been verified by their external auditor within the context of its review of the consolidated financial information, they shall send it to Iberdrola's Administration and Control Division prior to the date indicated thereby, in order to prepare the consolidated financial information and submit it for formulation or approval by Iberdrola's Board of Directors, as appropriate, after a report from its ARSC.

Furthermore, the process or structure of certification of the financial information managed and coordinated by the Risk Management and Internal Assurance Area, which is formally carried out on a half-yearly basis,

coinciding with the interim and annual close, reflects the form in which the financial information is generated within the group.

In this structure, the heads of the country subholding companies and the heads of the head of business companies, together with their respective heads of control, as well as the heads of the global corporate areas, certify both the reliability of the financial information regarding their areas of responsibility (which is the information they provide for consolidation at the group level) and the effectiveness of the internal control system established to reasonably guarantee such reliability. Finally, the chairman & CEO, as the top responsible executive, and the General Finance, Control and Resources Director (CFO), who is responsible for the preparation of the financial information, certify to the Board of Directors the reliability of the consolidated annual financial statements and the Half-Yearly Financial Report.

The ARSC, with the support of the Risk Management and Internal Assurance Area and the Internal Audit Area, supervises the entire process of certification, submitting to the Board of Directors the conclusions obtained from this analysis at the meetings during which the financial statements are formally prepared.

As regards the description of the ICFR system to be published in the securities markets, the procedure for the review and approval thereof is the same as the one used for all disclosures of an economic and financial nature in the Annual Corporate Governance Report.

The documentation of the ICFR system includes high-level descriptions of the cycles for generating the selected relevant financial information, as well as detailed descriptions of the prioritised risks of error and of the controls designed for the mitigation or management thereof. The description of the controls includes the evidence obtained for the implementation thereof, which is necessary for their review.

Each of the accounting close processes at the businesses is considered a cycle, and the same occurs with the group of accounting close activities at the corporate level, with the global consolidation process and with the process of preparing the notes to the financial statements. This means that all of these activities are subject to the methodological process described in the section relating to risks.

Furthermore, the specific review of critical accounting judgements, estimates, valuations and relevant projections is subject to specific controls within the model, as these types of issues involve risks of error in the various cycles in which they are made. The evidence of the specific controls is the support for such reviews in many cases.

Independently of the process of certification followed in the countries, businesses and corporate areas, the ARSC, with the support of the Internal Audit Area, performs a quarterly global review of the financial information, ensuring that the half-yearly financial reports and quarterly management statements are prepared using the same accounting standards as the annual financial reports, and verifies the proper definition of the scope of consolidation and the correct application of generally accepted accounting principles and international financial reporting standards.

- F.3.2. Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.

The controls considered to mitigate or manage the risks of error in financial reporting include some relating to the most significant software applications, like the controls relating to user access permissions or those relating to the integrity of the transfer of information between applications, control of operations and change management.

In addition, the Iberdrola group has internal control guidelines and procedures regarding IT systems in relation to the acquisition and development of software, the acquisition of systems infrastructure, the installation and testing of software, change management, management of service levels, management of third-party services, security of the systems and access thereto, incident management, transaction management, continuity of operations and the segregation of functions.

These guidelines and procedures (which in some cases are different based on geographic area or type of solution, and are in a process of progressive homogenisation) are applied to all IT systems that support the relevant processes of generation of financial information, and to the infrastructure required for the operation thereof.

The Iberdrola group also has an Information Technologies (IT) Policy that contemplates the management of risks associated with the use, ownership, operation, participation, influence and adoption of specific information technology or the processes for the management and control thereof.

Thus, there is a model of general controls integrated within the risk management model that allows for a global evaluation of the risks related to information technology.

Both the risk model and the IT controls are based on and aligned with market best-practices, like COBIT5 and COSO. The evolution thereof over the long term is maintained by including the new needs arising from the changing regulatory compliance framework that applies to the IT systems and services, as well as the recommendations and guidelines of auditors and relevant third parties.

As part of the general IT controls model, there is a regular evaluation of the effectiveness of the information technology controls in the area of financial systems, adopting the appropriate measures if any incident is detected.

On an annual basis, the heads of the IT systems of the Iberdrola group certify the effectiveness of the internal controls established regarding the financial reporting systems. This certification covers the relevant financial systems based on the scope of the external financial audit and the considerations of systems organisation, internal assurance, internal audit and the relevant business organisations within the group.

For financial year 2021, the total number of systems covered by the IT controls system was 44, on which a model of 21 controls was applied, most of which are evaluated and applied by the Systems Division, and in some cases by other business organisations. The frequency of the evaluation is annual or biannual, depending on the nature of the control, and it is

performed using a principle of sampling of all of the relevant evidence in each case. The entire process of evaluating the IT controls is supported by a GRC system and is supervised annually by the Internal Audit Area.

- F.3.3. Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

In general terms, the Iberdrola group does not have significant functions subcontracted to third parties with a direct impact on financial information. The evaluations, calculations or assessments entrusted to third parties that could materially affect the financial statements are considered to be activities relevant to the generation of financial information leading to the identification of any priority risks of error, which involves the design of associated internal controls. These controls cover the internal analysis and approval of fundamental assumptions to be used, as well as the review of the evaluations, calculations or assessments made by outside parties, by comparing them to the calculations made internally.

#### F.4 Information and communication

Report on whether the company has at least the following, describing their main characteristics:

- F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The Accounting Practice Division, which reports to the Administration and Control director, is responsible for defining and updating the accounting policies, as well as for resolving questions or conflicts arising from the interpretation thereof. It maintains fluid communication with the heads of operation of the organisation, and particularly with the heads of the accounting functions.

It publishes a bulletin on a quarterly basis that is broadly distributed within the group regarding new accounting developments deriving from the IFRS, which includes updates on standards (standards that have entered into effect, drafts issued, standards issued, standards approved by the European Union, new standards and expected drafts, as well as existing standards) and accounting questions asked internally, together with the conclusions with respect thereto.

The Accounting Practice Division is also responsible for keeping the Accounting Policies Handbook of the group continuously updated and ensuring the appropriate dissemination thereof.

The accounting policies handbook is continuously updated. For this purpose, the Accounting Practice Division analyses whether the new developments or changes in the accounting area have an effect on the group's accounting policies, as well as the date of entry into force of each of the standards. When a new provision, or new interpretations thereof, are identified having an effect on the accounting policies of the group, it is included in the handbook, and also communicated to the parties responsible for preparing the financial information of the group through the quarterly bulletins mentioned above, and the application supporting the handbook is also updated.

The updated version of the handbook is available in an application on the internal network of the group. This application is also accessible by users via remote access and can be connected to e-mail. Any change or upload of a document of the handbook generates an e-mail notice to all users.

- F.4.2. Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

The mechanism for capturing and preparing the information supporting the main financial statements of the Iberdrola group is primarily based on the use of a unified management consolidation tool (called BPC), which is accessible from all geographic areas, that is currently deployed throughout the group.

A large part of the information supporting the breakdowns and notes is included in the consolidation tool, with the rest being captured by homogeneously formatted spreadsheets, called reporting packets, that are prepared for the half-yearly and yearly close.

## F.5 Supervision of the functioning of the system

Report on at least the following, describing their principal features:

- F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

The ARSC is supported by the Risk Management and Internal Assurance Area and the Internal Audit Area in the performance of its powers with respect to the internal control and risk management systems.

The ARSC's supervision of the ICFR system mainly includes:

- i. monitoring compliance with the certification process by the various persons responsible for financial information;
- ii. reviewing the design and operation of the internal control system to evaluate the effectiveness thereof, with the support of the Risk Management and Internal Assurance Area and the Internal Audit Area; and
- iii. regular meetings with the external auditor, the Administration and Control Division, the Risk Management and Internal Assurance Area, the Internal Audit Area and senior management to review, analyse and comment on the financial information, the boundary of companies that it covers and the accounting criteria applied, as well as any significant weaknesses in internal control that have been identified.

The Risk Management and Internal Assurance Area performs functions that include, among others, monitoring, supporting, coordinating and homogenising the implementation of the ICFR system, establishing the methodology, criteria and reporting method, as well as the operational monitoring of controls and the regular assessment of the effectiveness of the ICFR system.

The parties responsible for preparing the financial information of each country subholding company, each head of business company and each corporate area must engage in an annual process, coordinated by the Risk Management and Internal Assurance Area, of reviewing the design and operation of the internal control system within their area of responsibility in order to evaluate the effectiveness thereof.

There is thus an analysis of whether, based on the changing circumstances in which the group acts (changes in organisation, systems, processes, products, regulation, etc.), changes in the risks identified and prioritised and/or new risks identified should be included. There is also an analysis of whether the design of the existing controls to mitigate or manage the risks that may have changed is appropriate, as well as whether they have operated satisfactorily in accordance with their design.

The conclusions from this annual review process, with respect to both the deficiencies identified (which are classified as high, medium or low, based precisely on their potential impact on the financial information) and the action plans to fix them, are presented at an annual specific meeting attended by the group's heads of Control and of the various country subholding companies, the heads of the main corporate areas, the Risk Management and Internal Assurance Area and the Internal Audit Area. Conclusions are made at this meeting regarding the effectiveness of the internal control system within each of the different areas of responsibility, and globally for the entire group.

Thereafter, the most significant conclusions regarding the review are submitted to the ARSC within the framework of the regular meetings it holds with the Risk Management and Internal Assurance director.

Apart from what is described in the preceding paragraphs, the Internal Audit Area, in support of the ARSC, undertakes an independent review of the design and operation of the internal control system, identifying deficiencies and preparing recommendations for improvement. The Internal Audit Area is functionally subordinate to the ARSC, and pursuant to the Basic Internal Audit Regulations has the main duties of assisting this committee in the exercise of its powers and objectively and independently supervising the effectiveness of the group's internal control system, which is made up of a set of risk management and control mechanisms and systems.

Based thereon, the Internal Audit Area engages in ongoing monitoring of the action plans agreed to with the various organisations to correct the deficiencies detected and to implement the suggestions for improvement agreed to with the organisations.

The period that the Internal Audit Area plans for in-depth review of the entire internal control system is five years.

Specifically, 31 cycles were reviewed during financial year 2021. These are cycles corresponding to the companies Iberdrola México, S.A. de C.V., Scottish Power Ltd., Iberdrola España, S.A.U., Neoenergia S.A and Iberdrola Energía Internacional S.A.U., as well as corporate cycles.

In addition, on a half-yearly basis, coinciding with the half-yearly and yearly close, the Internal Audit Area performs a review of the operation of the internal controls that are considered to be most critical, to which there should be added the annual review of all the SOX Key Controls of Avangrid, Inc.

The combination of regular reviews, together with the half-yearly reviews of the most critical controls, allows the Internal Audit Area to perform an evaluation of the internal control system (both design and operation) and issue an opinion regarding the effectiveness of the internal controls established to ensure the reliability of the financial information, which it submits to the ARSC within the framework of their regular meetings.

- F.5.2. Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

In general terms, the procedure for discussion regarding significant internal control weaknesses that have been identified is based on regular meetings with the various agents.

Thus, the ARSC holds meetings, both at the half-year and yearly close, with the external auditor, the Risk Management and Internal Assurance Area, the Internal Audit Area and the officers responsible for preparing the financial information, in order to discuss any relevant aspect of the preparation process and of the resulting financial information.

Specifically, as established in its Regulations (scope of powers), Iberdrola's ARSC has, among other powers, that of obtaining information regarding any significant deficiency in internal control that the statutory auditor detects while carrying out its audit work. For these purposes, the statutory auditor appears before such Committee on an annual basis to present recommendations in connection with the internal control weaknesses identified during the review of the annual financial statements. Any weaknesses noted by the statutory auditor are continuously monitored by the Committee with the support of the Internal Audit Area. Management responsible for preparing the consolidated financial statements also holds meetings with the external auditors and with the internal auditors, at both the half-yearly and yearly close, in order to discuss any significant issues relating to the financial information.

#### F.6 Other relevant information

Iberdrola has an Internal Control over Financial Reporting (ICFR) system or model that is intended to reasonably guarantee the reliability of the financial information. The development of the model, which began in 2006, was not the result of a legal requirement but rather the conviction, by both the Board of Directors and the Company's senior management, that within a context of growth and internationalisation as was already forecast for the group, an explicit and auditable internal control system would contribute to maintaining and improving its control environment and the quality of the financial information, while at the same time increasing the confidence of investors due to its effects on the transparency, reputation and good governance of Iberdrola and of the companies making up the group.

The ICFR system has two main sides: certification, and internal control itself.

Certification is a half-yearly process managed and coordinated by the Risk Management and Internal Assurance Area in which those responsible for financial information in the different areas of the Company certify that: (i) the financial information they deliver to Iberdrola for purposes of consolidation does not contain any material errors or omissions and provides a fair view of the results and the financial condition of the Company within their area of responsibility, and (ii) they are responsible for establishing the ICFR system within their area of responsibility and have found, upon assessment, that the system is effective. The text of these certifications is inspired by the form of certification established in Section 302 of the U.S. Sarbanes-Oxley Act.

The culmination of the half-yearly process is a joint certification that the chairman & CEO and the General Finance, Control and Resources Director (CFO) submit to the Board of Directors for purposes of approval of the Half-Yearly Financial Report or the formulation of the annual financial statements.

The process is carried out by means of electronic signature in a software application which manages the areas of responsibility and time periods and which serves as a repository of all the documentation generated, allowing for periodic review by the supervision and control bodies of the group.



The other side of the model, that of internal control itself, is inspired by the leading framework described in the “Internal Control Integrated Framework” report of the “Committee of Sponsoring Organizations of the Treadway Commission (COSO)”, and is mainly focused on providing a reasonable level of security in achieving the goal of reliability of financial information.

The methodology used by Iberdrola for the development and continuous update of internal control, the development, maintenance and update of which is the responsibility of the Risk Management and Internal Assurance Area, has the following stages or steps: (i) analysis and selection of significant financial information; (ii) the grouping thereof within cycles or large processes in which it is generated; (iii) the identification, evaluation and prioritisation of the risks of error in financial information within the selected cycles; (iv) the design and operation of controls to mitigate or manage the selected risks; and (v) the monitoring and update of the foregoing steps to continuously adapt the model to the circumstances of the business activity.

One of the main characteristics of the design of the model is that it attempts to ensure the quality of the financial information during each month of the year, and is not only limited to the periods corresponding to the annual or half-yearly close. This characteristic is strengthened with the use of a specific software application internally developed by the group, which allows for the monitoring of the status of the controls at all times.

Another important characteristic of the model is that it extends the culture of internal control to all the organisations, both corporate and business, that significantly contribute to the generation of financial information, by personally assigning responsibility in the implementation and documentation of controls.

All significant documentation regarding Iberdrola’s ICFR system, including both the certification process and the internal control itself, is stored in this software application.

The people responsible for implementing the controls input into the software application evidence showing the performance thereof, and evaluate the results obtained, classifying them as satisfactory or unsatisfactory. This allows for monitoring of the internal control situation in real time, permitting quick action regarding any deficiencies detected.

Additionally, on an annual basis, the various heads of control at the country subholding and head of business companies, as well as the heads of the corporate areas, review the design and operation of the ICFR system, as a systematic process for the update thereof to the changing circumstances of the business activity.

The annual review is coordinated by the Risk Management and Internal Assurance Area, which is also tasked with administering the software application and with coordinating the development of the ICFR system within the various businesses and corporate areas of the group, as well as maintaining the homogeneity of the ICFR system throughout the group. Based on this review, the Risk Management and Internal Assurance Area issues its opinion on the effectiveness of the ICFR system, which is

communicated during the annual meeting of the Internal Assurance Committee and to the ARSC.

Furthermore, the Internal Audit Area, which is responsible for the independent supervision of internal control in support of the ARSC, undertakes an independent review of the design and operation of the ICFR system, identifying deficiencies and preparing recommendations for improvement. This review is performed applying a mixed model of selecting cycles based on risk and a minimum rotation of five years.

In addition, on a half-yearly basis, the Internal Audit Area undertakes an independent review of the effectiveness of the internal controls established to ensure the reliability of the financial information. It also reviews the process of certification of the financial information on a half-yearly basis. The conclusions from these reviews are submitted to the ARSC, which, if applicable, makes them its own and forwards them to the Board of Directors.

Based on materiality standards, the current scope of the ICFR system covers the entire Iberdrola group. More than 1,600 people from the group use the software application, both to document the evidence showing the implementation of more than 3,000 controls—which mitigate or manage more than 1,300 risks of error in the financial information deemed priority—and to monitor, analyse, adjust and evaluate the ICFR system.

In addition, the 120 department heads who participate in the process of certifying the correctness of the information for which they are responsible do so using an electronic signature directly within the software application.

All of the above allows for the final result of the certification process, which is supported by the situation of internal control itself, to be reviewed by Iberdrola's Board of Directors as one of the major guarantees of reliability in connection with the formulation of the annual and interim financial information of the group.

## F.7 External auditor's report

Report:

- F.7.1. Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.

The information on the ICFR system sent to the markets has not been subject to review by the external auditor consistent with the fact that the other information contained in the Annual Corporate Governance Report is only subject to review by the external auditor in relation to the accounting information contained in said Report. Furthermore, it is believed that externally reviewing the information on the ICFR system sent to the markets would in a certain way be redundant, taking into account the review of internal control that the external auditor must perform in accordance with technical auditing standards within the context of the statutory audit of accounts.

## **G** DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

- 1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.**

Complies  Explain X

Article 29.2 of the By-Laws provides that "No shareholder may cast a number of votes greater than those corresponding to shares representing ten (10%) per cent of share capital, even if the number of shares held exceeds such percentage of the share capital. This limitation does not affect votes corresponding to shares with respect to which a shareholder is holding a proxy as a result of the provisions of Article 23 above, provided, however, that with respect to the number of votes corresponding to the shares of each shareholder represented by proxy, the limitation set forth above shall apply".

Section 3 of such article adds: "The limitation set forth in the preceding section shall also apply to the maximum number of votes that may be collectively or individually cast by two or more shareholders that are entities or companies belonging to the same group. Such limitation shall also apply to the number of votes that may be cast collectively or individually by an individual and the shareholder entity, entities, or companies controlled by such individual. A group shall be deemed to exist under the circumstances provided by law, and also when a person controls one or more entities or companies".

Iberdrola believes that the limitation on the maximum number of votes that may be cast by a single shareholder, or by several shareholders belonging to the same group or, if applicable, acting in concert, is a measure to protect shareholders at companies with dispersed share ownership, whose investment is thus guarded from any transaction that is contrary to the corporate interest. In this regard, most shareholders, especially including but not limited to small retail investors, who represent approximately one-fourth of Iberdrola's capital, have little room to manoeuvre and respond to a potential shareholder owning a non-controlling interest and not reaching the threshold requiring a takeover bid but seeking influence over the Company and whose own interest is not totally in line with the corporate interest.

It should also be noted that such voting limitation has been in effect since 16 June 1990, the date on which the General Shareholders' Meeting was held at which it was resolved, by unanimous vote of the attendees, to bring the By-Laws of the Company (then doing business as Iberduero, S.A.) into line with the consolidated text of the Companies Act approved by Royal Legislative Decree 1564/1989 of 22 December. This shows the level of corporate consensus that has existed on such voting limitation from the very beginning, which has been confirmed by the fact that such limitation has

remained unchanged through various by-law amendments passed by the shareholders at General Shareholders' Meetings. In turn, it reflects the will of the shareholders to increase their bargaining power in the event of hostile offers or transactions.

In any event, Article 50 of the current By-Laws establishes the instances of removal of such voting limitation in the event that the Company is the target of a takeover bid that receives the required shareholder approval, in which case the provisions of Section 527 of the Companies Act prevail. Pursuant to the foregoing, it cannot be deemed that the limitation on the maximum number of votes that may be cast by a shareholder constitutes an obstacle to a takeover bid.

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

- a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.
- b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies     Complies partially     Explain     Not applicable X

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

- a) Changes that have occurred since the last General Shareholders' Meeting.
- b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies X    Complies partially     Explain

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies X    Complies partially     Explain

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies  Complies partially  Explain

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

a) Report on the auditor's independence.

b) Reports on the workings of the audit and nomination and remuneration committees.

c) Report by the audit committee on related party transactions.

Complies  Complies partially  Explain

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies  Complies partially  Explain

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies  Complies partially  Explain

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies  Complies partially  Explain

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

- a) Should immediately distribute such complementary points and new proposals for resolutions.
- b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.
- c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies       Complies partially       Explain       Not applicable

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies       Complies partially       Explain       Not applicable

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies       Complies partially       Explain

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies       Explain

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

- a) Is concrete and verifiable;
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon

calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies X    Complies partially     Explain

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors..

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies X    Complies partially     Explain

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies where very few shareholdings are legally considered significant.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies X    Explain

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies X    Explain

18. That companies should publish the following information on its directors on their website, and keep it up to date:

- a) Professional profile and biography.
- b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.

e) Company shares and share options that they own.

Complies  Complies partially  Explain

19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies  Complies partially  Explain  Not applicable

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies  Complies partially  Explain  Not applicable

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies  Explain

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information



that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies X    Complies partially     Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies     Complies partially     Explain     Not applicable X

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies X    Complies partially     Explain     Not applicable

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies X    Complies partially     Explain

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies X    Complies partially     Explain

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies X    Complies partially     Explain

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said

**concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.**

Complies     Complies partially     Explain     Not applicable X

- 29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.**

Complies X    Complies partially     Explain

- 30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.**

Complies X    Explain     Not applicable

- 31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.**

**When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.**

Complies X    Complies partially     Explain

- 32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.**

Complies X    Complies partially     Explain

- 33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.**

Complies X    Complies partially     Explain

- 34. That when there is a coordinating director, the articles of association or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.**

Complies X    Complies partially     Explain     Not applicable

- 35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such**

recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies  Explain

**36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:**

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its committees.
- c) Diversity in the composition and skills of the Board of Directors.
- d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.
- e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies  Complies partially  Explain

**37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.**

Complies  Complies partially  Explain  Not applicable

**38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.**

Complies  Complies partially  Explain  Not applicable

**39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.**

Complies  Complies partially  Explain

**40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.**

Complies X      Complies partially       Explain

**41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.**

Complies X      Complies partially       Explain       Not applicable

**42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:**

**1. With regard to information systems and internal control:**

- a) **Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.**
- b) **Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.**
- c) **Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.**
- d) **Generally ensuring that internal control policies and systems are effectively applied in practice.**

**2. With regard to the external auditor:**

- a) **In the event that the external auditor resigns, examining the circumstances leading to such resignation.**
- b) **Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.**
- c) **Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.**
- d) **Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.**

- e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies X    Complies partially     Explain

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies X    Complies partially     Explain

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies X    Complies partially     Explain     Not applicable

45. That the risk management and control policy identify or determine, as a minimum:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialised.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies X    Complies partially     Explain

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies X    Complies partially     Explain

**47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.**

Complies     Complies partially     Explain

**48. That large-cap companies have separate nomination and remuneration committees.**

Complies     Explain     Not applicable

**49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.**

**And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.**

Complies     Complies partially     Explain

**50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:**

- a) Proposing the basic conditions of employment for senior management to the Board of Directors.
- b) Verifying compliance with the company's remuneration policy.
- c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.
- d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.
- e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies     Complies partially     Explain

**51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.**

Complies     Complies partially     Explain

**52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:**

- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.
- b) That their chairpersons be independent directors.

- c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.
- d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
- e) That their meetings be recorded and their minutes be made available to all directors.

Complies     Complies partially     Explain

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies     Complies partially     Explain

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
- d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies     Complies partially     Explain

55. That environmental and social sustainability policies identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax

responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct

- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies X      Complies partially       Explain

**56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.**

Complies X      Explain

**57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.**

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies X      Complies partially       Explain

**58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.**

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies X      Complies partially       Explain       Not applicable



59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies X      Complies partially       Explain       Not applicable

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies X      Complies partially       Explain       Not applicable

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies X      Complies partially       Explain       Not applicable

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies X      Complies partially       Explain       Not applicable

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies X      Complies partially       Explain       Not applicable

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not

**previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.**

Complies     Complies partially     Explain X    Not applicable

Contracts with executive directors and senior officers signed as from 2011 provide severance pay for contractual termination equal to a maximum of two times annual salary in the event of termination of their relationship with the Company, provided that termination of the relationship is not the result of a breach attributable thereto or solely due to a voluntary decision thereof. This was the case of the former Business CEO.

The Company included guarantee clauses of up to five years in contracts with its key officers in the year 2000. Subsequently, in 2001, when the current chairman & CEO joined Iberdrola, he received the treatment in effect for such officers, in order to achieve an effective and sufficient level of loyalty. As chairman & CEO, he is currently entitled to three times his annual salary for this item, plus another two times annual salary for his non-compete commitment.

The Board of Directors has analysed this situation, the treatment of which is necessarily collective in nature. Any reduction in the salary multiples would carry high costs for the Company, for which reason the Board of Directors believes that it is most appropriate not to change the status quo. Any proposed reduction in the salary multiples would have a higher cost for the Company, as the amount of the contingency will gradually decrease due to the passage of time, resulting in payments far smaller than any possible reduction in the agreed severance payment, taking into account the average age of the affected group and the low likelihood of the guarantees being enforced. In this regard, it should be pointed out that the number of officers with a right to severance pay greater than two years continues to decrease in recent years without the execution of any guarantee clause. There were only 13 left at the close of financial year 2021.

## **H** FURTHER INFORMATION OF INTEREST

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.
2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010.

On 20 July 2010 the Company adhered to the Code of Good Tax Practices approved by the full Forum of Large Businesses (*Foro de Grandes Empresas*) established on 10 June 2009 at the behest of the National Tax Administration Agency (*Agencia Estatal de la Administración Tributaria*).

Pursuant to the provisions of Sections 1 and 2 of the Code of Good Tax Practices and Sections 3 and 4 of the Corporate Tax Policy, the Company reports that it has complied with the text of said Code as from the time of approval thereof.

In particular, it is reported that during financial year 2021, the Company's tax director appeared before Iberdrola's Audit and Risk Supervision Committee on 22 January and 19 July to report on, among other issues, the level of compliance with the Corporate Tax Policy, which includes the good tax practices contained in said Code, all of which has been reported to the Board of Directors.

The annex contains a description of the attendance of each and every one of the directors at the meetings of the Board of Directors and its committees during financial year 2021. Proxies granted with specific voting instructions are considered to be attendances.

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This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on 22/02/2022.

Indicate whether any director voted against or abstained from approving this report.

Yes

No

Annex to ACGR 2021:

SECTION C.1.26

Below is the data on attendance of each and every one of the directors at the meetings of the Board of Directors and its committees during financial year 2021. Proxies granted with specific voting instructions are considered to be attendances.

Directors	Board	Committees				
		EC	ARSC	AC	RC	SDC
MR JOSÉ IGNACIO SÁNCHEZ GALÁN	8/8	15/15				
MR JUAN MANUEL GONZÁLEZ SERNA	8/8	15/15			12/12	
MR IÑIGO VÍCTOR DE ORIOL IBARRA	8/8				12/12	
MS SAMANTHA BARBER	7/7	13/13				9/9
MS MARÍA HELENA ANTOLÍN RAYBAUD	8/8			10/10		
MR JOSÉ WALFREDO FERNÁNDEZ	6/6		9/9			
MR MANUEL MOREU MUNAIZ	8/8	15/15			12/12	
MR XABIER SAGREDO ORMAZA	8/8		12/12			
MR FRANCISCO MARTÍNEZ CÓRCOLES	8/8					
MR ANTHONY L. GARDNER	8/8	2/2		10/10		
MS SARA DE LA RICA GOIRICELAYA	8/8					10/10
MS NICOLA MARY BREWER	8/8					10/10
MS REGINA HELENA JORGE NUNES	8/8		12/12			
MR ÁNGEL JESÚS ACEBES PANIAGUA	8/8	15/15		10/10		
MS MARÍA ÁNGELES ALCALÁ DÍAZ	1/1		2/2			
MS ISABEL GARCÍA TEJERINA						

## Notes:

Ms Isabel García Tejerina was appointed as a director on an interim basis (co-option procedure) on 16 December 2021. No meetings of the Board of Directors or the consultative committees have been held since the appointment thereof.

The denominator indicates the number of meetings held during the period of the year in which the director served as such or as a member of the respective committee.

EC: Executive Committee.

ARSC: Audit and Risk Supervision Committee.

AC: Appointments Committee.

RC: Remuneration Committee.

SDC: Sustainable Development Committee.

## SECTION C.1.32

Non-audit services provided during financial year 2021 mainly had the following scope:

- To the Company: limited review of the half-yearly financial statements in the amount of €1,186,075; preparation of a procedures report on the liquidity situation for the offshore wind farm in Wikinger in the amount of €8,397; comfort letters: in connection with the issue of a hybrid bond during the month of January 2021 in the amount of €80,000; for the issue of a hybrid bond during the month of November 2021 in the amount of €70,000; and for the update of an issue in the amount of €70,000; and review under the ISAE 3000 standard on non-financial engagements in the amount of €99,462.
- Performance for i-DE Redes Eléctricas Inteligentes, S.A.U. of: regulatory audit of operating facilities, in the amount of €173,447; regulatory audit of commissioned facilities, in the amount of €121,150; and regulatory audit relating to the forms required by the CNMC, in the amount of €115,423.
- Provision to Conquense Distribución Eléctrica, S.A.U. and Anselmo León Distribución, S.A.U. of the following services: regulatory audits on the inventory of operating facilities; regulatory audits on commissioned facilities; and regulatory audits on the forms required by CNMC *Circular 4/2015*, in the total amount of €27,000 for each of the two companies.
- Preparation of a report on agreed-upon procedures regarding corporate services invoiced to the subsidiaries of Iberdrola Renovables Energía, S.A.U., in the amount of €8,000.
- Preparation of several comfort letters: for the update of a bond issue programme for Iberdrola Finanzas, S.A.U. in the amount of €20,000; within the framework of the issue of a hybrid bond for Iberdrola International, B.V. in the amount of €35,000; and for the update of an issue for Iberdrola Finanzas in the amount of €20,000.
- Verification of tax information for C. Rokas Industrial Commercial Company, S.A., in the amount of €94,590.
- Preparation for Iberdrola Clienti Italia, S.R.L. of: audit report on the financial statements for financial year 2020, prepared in accordance with the standard established by the Italian regulator, in the amount of €44,265; and audit of the general system charges, in accordance with the standard of the Italian regulator, in the amount of €65,000.
- Capital reduction and increase reports required by French law for Iberdrola Renovables France, S.A.S. and its subsidiary Ailes Marines, S.A.S., in the amount of €9,500.
- Preparation of a report on agreed-upon procedures regarding the certification of non-payment of tolls for the company Iberdrola Energie France, S.A.S. in the amount of €16,180.

- Report on the compliance plan submitted to the Australian securities regulator for Infigen Energy, Trust in the amount of A\$8,522.
- Report for Infigen Energy Markets PTY, Ltd. and Infigen Energy RE, Ltd. for the Australian financial services regulator on financial statements and internal control in the amount of A\$8,522.
- Reports relating to compliance with regulatory requirements for the companies Lake Bonney Wind Power PTY, Ltd, Lake Bonney BESS PTY, Ltd. and Bodangora Wind Farm PTY, Ltd. in the amount of A\$15,644.
- Report on procedures regarding corporate services invoiced to the subsidiaries of Iberdrola Renovables Internacional, S.A.U., in the amount of €13,195.
- Verification of certain tax information for the financial year 2020 for the company Iberdrola México, S.A. de C.V. and its subsidiaries in the amount of Mex\$3,400,000.
- Regulatory audit of SP Manweb, Plc., SP Transmission, Plc. and SP Distribution, Plc. in the amount of £16,604.
- Regulatory audit reports on Client Assets Sourcebook for the regulator, for Scottish Power Energy Management (Agency), Ltd., in the amount of £12,000.
- Audit of the consolidated segmented regulatory statements of Scottish Power UK, Plc. in the amount of £24,250.
- Preparation of an attestation in connection with the issuance of a green bond completed in April 2021 for Avangrid, Inc. (“**Avangrid**”) in the amount of US\$65,000.
- Annual subscription to the auditor’s databases for Avangrid, a service provided free of charge.
- Software implementation services and data processing technologies to Avangrid in the amount of US\$300,000.
- Regulatory audit of Avangrid to comply with the standards of the US regulator in the amount of US\$250,000.
- Comfort letter and consent letter prepared for Avangrid: within the framework of a debt issue in the amount of US\$144,000; within the framework of the debt issue by New York State Electric & Gas Corporation, including, if applicable, a limited review of interim financial statements, in the amount of US\$185,000; and in connection with the related registration statement and offering form within the framework of a bond issue in the amount of US\$350,000.
- Verification of internal controls for the process of migration from the Identity Management System to the Identity IQ system at UIL Holding Corporation, in the amount of US\$19,300.
- Provision of the following services to Neoenergia and its subsidiaries: preparation of an annual regulatory report for financial year 2021 in the amount of R\$168,011; preparation of an equity control report for financial year 2021 in the amount of R\$100,595; preparation of a dividend cash flow report for financial year 2021 in the amount of R\$22,590; reports relating to various financial ratios to support financial agreements in the amount of R\$66,357; verification report on the Sustainability Report for the period 2020-2022 in the amount of R\$61,319; equity control audit for financial year 2020 in the amount of R\$87,153; cash flow procedures in connection with dividend distribution in the amount of R\$16,033; regulatory audit for financial year 2020 in the amount of €162,796; reports on financial ratios in the amount of R\$46,948; and quarterly reviews for 2020 and 2021 in the amount of R\$660,879.
- Issuance of special report for Iberdrola RE, S.A. in compliance with the instructions of the Luxembourg securities market regulator, in the amount of €1,700.

Apart from what has already been described in the previous sections on its independence, the following should be noted with respect to the further development of the functions of the committee:

- In order to approve the provision of non-audit services by KPMG, an assessment is made as to whether the audit firm is best suited to provide such services. Prior to each of the meetings of the committee discussing the engagement of KPMG for the provision of non-audit services, the following was made available to the committee: a letter from KPMG addressed to the chair of the committee in order to request approval for the provision of the service in question and for

the auditor to confirm that the provision of this service would not disqualify it or threaten its independence; and a presentation by the Internal Audit Area describing the main characteristics and terms and conditions of the service, and confirming whether the provision thereof by the auditor has been pre-approved by the audit and compliance committee of the company receiving the service or, if applicable, of the parent country subholding company.

Finally, at its meeting of 19 December 2016, the committee agreed to pre-authorise the statutory auditor to carry out the following actions, as it considered them to be unquestionably related to the audit of accounts: (i) the preparation of comfort letter and, where appropriate, consent letters for securities issues; (ii) the issue of reports on compliance with ratios linked to financing agreements; and (iii) the performance of limited reviews of interim financial statements. Therefore, the engagement of KPMG for the provision of such services was deemed to have been approved by the committee, so that the committee should henceforth only be informed of the commencement of the provision of such services at its next meeting (to take note of this and to verify that the limits on the fees that the statutory auditor may charge for the provision of additional services are not exceeded).