

23 November 2023

# SP Energy Networks Governance & Sustainability System

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Governance & Sustainability System

# Foreword – The Company and its Group

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Explanatory note

## 1. FOREWORD

### The Company and its Group

**SP Energy Networks** is a business division of ScottishPower which is responsible for three regulated electricity network businesses in the UK. These businesses are 'asset-owner companies', holding the regulated assets and electricity distribution and transmission licences of the group, and are regulated monopolies.

SP Energy Networks is owned by Scottish Power Energy Networks Holdings Limited (the "**Company**").

The Company is a wholly-owned subsidiary of the ScottishPower Group, which is wholly-owned by the Iberdrola Group.

### Group Corporate Governance Model

#### **Iberdrola**

Iberdrola, S.A ("**Iberdrola**") which is listed on all four stock exchanges of Spain, is the ultimate parent and head of the Iberdrola Group, of which ScottishPower is a wholly-owned member.

The Iberdrola Board of Directors approves Iberdrola's corporate governance system, the **Iberdrola Governance & Sustainability System**, as updated from time to time.

As its corporate governance system, Iberdrola Governance & Sustainability System contains the principles, rules, and guidelines (e.g. corporate policies, internal procedures and protocols, etc.) which govern the general and overall conduct of the Iberdrola Group, as well as its respective directors and employees.

At a high-level, the Iberdrola Governance & Sustainability System is formally structured around the environmental, social and corporate governance ("**ESG**") model. Accordingly, the five chapters of the Iberdrola Governance & Sustainability System consist of these three central topics, fronted by a chapter on its legal constitution (by-laws), and a chapter on the group's purpose and values.

#### **ScottishPower**

Scottish Power Limited is the principal sub-holding company of the Scottish Power Limited group ("**ScottishPower**" or the "**ScottishPower Group**"). In other words, it is the country sub-holding company of the Iberdrola Group for the UK.

Amongst other things, the Scottish Power Limited Board of Directors is responsible for disseminating, implementing and supervising the general strategy and the basic management guidelines of ScottishPower, at the country (UK) level, subject to UK-specific requirements.

Accordingly, the Scottish Power Limited Board of Directors approves ScottishPower's corporate governance system, the **ScottishPower Governance & Sustainability System**, which incorporates as far as applicable (*mutatis mutandis*) the key policies and features of the Iberdrola Governance & Sustainability System, as supplemented/amended by UK-specific and/or ScottishPower Group-specific policies and processes.

Consequently, the ScottishPower Governance & Sustainability System is structured in the same manner as the Iberdrola Governance & Sustainability System, following the ESG model.

### The Company as a ScottishPower Business

The three main business divisions of ScottishPower, together with their subsidiary groups, are each owned and headed up by their respective head of business sub-holding companies (each, a "**Business Subholding Company**"). The Company is a Business Subholding Company.

Each of the Business Subholding Companies are (indirectly) wholly-owned by ScottishPower. Similar to Scottish Power Limited's role as the country subholding company, each Business Subholding Company's Board of Directors is responsible for disseminating, implementing and supervising the general strategy and the basic management guidelines of its respective business division, subject to that business's specific or local requirements.

Accordingly, the Company's Board of Directors approves the Company's business's own corporate governance system, i.e. its own **Governance & Sustainability System**, which in turn incorporates as far as applicable (*mutatis mutandis*) the key policies and features of the ScottishPower Governance & Sustainability System, as supplemented/amended by any business-specific policies and processes

Consequently, the Company's own Governance & Sustainability System is structured in the same manner as the ScottishPower Governance & Sustainability System, following the ESG model as well.

### **UK Reporting Requirements**

In terms of the UK Companies (Miscellaneous) Reporting Regulations 2018, the Company does not formally apply a corporate governance code which is specifically set by UK company law or a regulator. Instead, and as described above, the Company's Board has adopted the ScottishPower Governance & Sustainability System for the ScottishPower Group.

The Company's Corporate Governance System therefore comprises key policies of the Iberdrola Governance & Sustainability System and features unique to ScottishPower, which together ultimately derive from rules and principles that are based on widely recognised good governance recommendations and applicable law.

This book describes and contains the main policies and documents comprising the Company's Governance & Sustainability System, as adopted by the Company.

Governance & Sustainability System

# Introduction to the Governance & Sustainability System

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The following *Introduction to the Governance & Sustainability System* was approved by the Company on 21 September 2023

# Introduction to the Governance and Sustainability System

## 1. Scottish Power Energy Networks Holdings Limited and the Iberdrola Group

1. Scottish Power Energy Networks Limited (the **Company**) is a wholly-owned (business) sub-holding company of the Iberdrola Group in the United Kingdom whose activities comprise owning three regulated electricity network businesses in the United Kingdom, i.e. 'asset-owner companies' holding the regulated assets and electricity distribution and transmission licences, which are regulated monopolies, in the Central Belt and South of Scotland, Cheshire, Merseyside, North Shropshire and North Wales (the **SP Energy Networks Business**).
2. "Iberdrola S.A." is the parent company of a group of leading companies including ScottishPower, in the production, transmission, distribution and supply of electricity in different geographical areas. It is a company with its registered office in Biscay, with an international reach which is independent, traded and publicly listed on the Spanish stock market.
3. The origin of the various companies owned by Iberdrola, S.A. ("Iberdrola") or the various companies in which it holds an interest has a long history, starting on both sides of the Atlantic. It goes back to 1840 in the United States of America with the incorporation of "Hartford City Light Co", which was in charge of lighting cities by gaslight, and to 1901 on the other side of the Atlantic, in Spain and in the United Kingdom, firstly with the founding of "Hidroeléctrica Ibérica, S.A" in Bilbao in order to meet the growing demand for electric power in the main industrial regions in the north of Spain, and also "Clyde Valley Electrical Power Co", in Glasgow to generate and sell electricity to engineering companies in the area.
4. The Iberdrola Group's activities are focused on energy, an essential commodity for millions of users and customers, through the use of environmentally-friendly energy sources and technologies and the promotion of the energy transition and digital transformation.
5. The development of the Company's object and its business activity is focused on the achievement of a purpose and certain values which make up the corporate ideology and identity of the Companies of the Iberdrola Group.
6. The purpose of the companies of the Iberdrola Group, as adopted by the Company is to "continue working together each day to build a healthier, more accessible and more electric energy model", which contributes to the United Nations' (UN) Sustainable Development Goals (**SDGs**) (especially those relating to universal access to electricity, the supply of affordable and clean energy and climate action, protects and responds to the most demanding standards and requirements in terms of environmental protection, climate action, social commitment, good governance and compliance (ESG), within the general framework of respect and the protection of human rights, the social market economy, sustainability and the ethical principles generally accepted in its scope of activities.

The corporate values which define the manner in which the Company functions are known within the Iberdrola group as the fundamental notions and guidelines of: "sustainable energy", "integrating force", and "driving force". These notions, together with the purpose described above, constitute the ideological basis of the Company and its business.

7. The Company's adoption of the *Purpose and Values of the Iberdrola Group* means that it has a purpose, not purely limited to the achievement of financial benefit, but rather one which aspires to the creation of sustainable business value, and the delivery of results and benefits with which to remunerate capital investors, other stakeholders and the communities in which the Company operates via the 'social dividend'.
8. Consequently, the Company shares Iberdrola's corporate interest in its focus on creating shared sustainable value in line with its purpose, distinct set of values and the commitments undertaken in

accordance with the *Code of Ethics*.

In this regard, the Company considers its stakeholders to be integral to the Company's identity and necessary to its business which generates the 'social dividend' that is ultimately shared with those stakeholders.

9. In acknowledgement of the Company's size, and the essential nature of its activities for the economy and society, it is further recognised that those activities and the scope of the *Purpose and values of the Iberdrola group* on the whole extend beyond the widest definition of its stakeholders to communities in general and society at-large.

From this perspective, and in accordance with its purpose and values, the Company recognises its role as a key actor and driver as part of a global collective effort in sustainable development and progress.

10. Finally, the Company's identity is further defined by its internal rules, which are grouped around three main principles: its environmental performance and its reaction to climate change, its social commitment and the application of best corporate governance practices. These principles act as a framework for all the members of the Company's Group to achieve its purpose and corporate interest, deliver its social dividend, and realise its stated values, with guarantees to each member's defined business, identity and independence.
11. In short, the Company aspires to identify itself as an institution that exceeds corporate precepts, that is open and committed to its stakeholders and the communities in which it operates, and that comprehensively delivers its business in accordance with its economic and ESG undertakings.

## 2. The corporate and governance structure of the Iberdrola Group

12. Iberdrola, S.A and the companies making up the Iberdrola Group are present in Spain, Portugal, other Member States of the European Union, the United Kingdom, the USA, Australia, Mexico and Brazil, among other countries.
13. The Iberdrola Group does not have its own legal personality separate from that of each of the companies that comprise it, nor does it have its own management bodies as such. References in the Governance and Sustainability System to "Iberdrola" or to the "Iberdrola Group" or to the "Group" refer to Iberdrola, S.A. and to the companies belonging to the group which Iberdrola, S.A is the controlling entity, within the meaning established by law, which operate autonomously under a common purpose and values, in a coordinated manner and within a corporate and governance structure designed on three levels (ultimate holding company, subholding companies and head of business companies, as described below) to best further the corporate object and the achievement of the corporate interest of each of the companies that comprise it.
14. The Iberdrola Group is structured into three corporate tiers of governance, with: (1) Iberdrola, S.A., as the ultimate holding company, being responsible for the supervision of the overall group and its strategy, (2) (country) sub-holding companies, including Scottish Power Limited (**ScottishPower**), being responsible for the ownership, organisation and coordination of the business divisions operating within that country, and (3) the heads of business companies, being responsible for the day-to-day administration and effective management of each of the business divisions (which in the context of the ScottishPower Group includes the SP Energy Networks Business), all without prejudice to each subsidiary's corporate independence.
15. This corporate and governance structure is designed to operate in tandem with the Iberdrola Group's business model, to enable the global integration of the businesses, maximise operational efficiency amongst the business divisions, and ensure the effective dissemination, implementation and monitoring of the general group strategy, management guidelines and best practice.



Accordingly, the business model is designed around a decentralised decision-making structure (based on the principle of subsidiarity), coupled with robust coordination mechanisms to facilitate the global integration of the business carried out by the companies making up the Iberdrola Group. This model includes a system of checks and balances as part of this decentralised management structure.

### 3. SP Energy Networks' Governance and Sustainability System and the Compliance System

16. The Company's corporate governance system is called the Governance and Sustainability System, which comprises the internal regulatory framework for the Company and its group. This framework is established, independently by the Company, to govern the Company's adherence to the stated purpose and values, and how its business goals and aims are achieved.
17. This Governance and Sustainability System, as approved by the Company, covers the other companies of the Group, to the extent that the various policies that apply and the subsequent amendments thereof are formally adopted by the country subholding companies and head of business companies as their own or they approve their own policies with content that is consistent with the policies of the Company. This ensures the consistency of the internal rules of the group of companies making up the Group, while respecting the autonomy of the management bodies, and particularly the special framework of strengthened autonomy of the listed country subholding companies.
18. The Company also has a Compliance System, which is intended to ensure that the Company acts in accordance with ethical principles, the law and internal rules, particularly the Governance and Sustainability System to contribute to the full realisation of the *Purposes and Values of the Iberdrola Group* and the corporate interest and to prevent, manage and mitigate the risk of legislative and ethical breaches that may be committed by the directors, professionals or suppliers thereof within the organisation. The Company's Compliance Unit proactively and autonomously oversees the implementation and effectiveness of its Compliance System, which is under continuous review in order to adopt the most advanced international practices and new requirements in this area,

For their part, the country subholding companies and the head of business companies have their own compliance systems, the application and effectiveness of which are proactively and autonomously monitored by their respective compliance units, without prejudice to the appropriate coordination carried out at all levels of the Group..

19. The Company's Governance and Sustainability System consists of (i) the constitutional rules approved by the Company's governing bodies, and (ii) rules applying to the whole Iberdrola Group which have been approved by Iberdrola's Board of Directors (in the exercise of Iberdrola's duty to approve the organisational model of the Iberdrola Group) and which have been adopted by the Company, thus incorporating them into its Governance and Sustainability System. The Governance and Sustainability System is formally arranged into five principal sections or 'chapters': (i) Chapter One, which contains the Company's by-laws; (ii) Chapter Two, regarding the Company's corporate Purpose, which includes the *Purpose and Values of the Iberdrola Group*, the *Code of Ethics*, the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy*; (iii) Chapter Three, containing the Company's policies on the environment and climate action; (iv) Chapter Four, containing the Company's social commitment policies; and (v) Chapter Five, regarding corporate governance and regulatory compliance policies, risk policies, rules on governance of the corporate decision-making bodies and other functions and internal committees, included here are also ScottishPower or Business-specific policies which have been approved or adopted by the Board of Directors of the Company, as appropriate to the Company's operations in the UK and as required by local laws and regulations
20. The first chapter of the Company's Governance and Sustainability System comprises the by-laws of the Company, i.e. its *Articles of Association*, as adopted (and amended from time to time) by the sole shareholder of the Company in accordance with the UK Companies Act 2006.
21. The *Articles of Association* of the Company are its legal constitution. They set out the Company's

basic administrative and management structure, and govern its legal relationship with its parent company, The *Articles of Association* empower the Directors of the Company to make all the relevant arrangements as they deem fit for the proper management and transaction of the Company's affairs.

22. The second chapter of the Governance and Sustainability System is entitled 'Purpose'. It contains the *Purpose and Values of the Iberdrola Group*, the *Code of Ethics*, the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy*.

The *Purpose and Values of the Iberdrola Group* define the Iberdrola Group's corporate philosophy which applies to all its businesses, including the Company. Building on that philosophy, the *Code of Ethics* defines the ethical practice and sustainable development commitments (for the benefit of all the stakeholders that participate in the Group's value creation chain) to which all directors, employees and suppliers of the group are to be held. The *General Sustainable Development Policy* and the *Stakeholder Engagement Policy* expand further on those topics, in line with Iberdrola's sustainable development strategy.

23. Building upon the above themes, the remaining three Chapters of the Governance and Sustainability System are structured around three categories of corporate policies: (i) 'Environmental and Climate Action', containing the Iberdrola Group's environmental policies; (ii) 'Social Commitment', containing the Iberdrola Group's policies promoting equal opportunity, diversity, and non-discrimination; and finally, (iii) 'Corporate Governance', containing the necessary 'traditional' rules and policies governing the main corporate decision-making bodies, administration and management and the development of the Company and its business(es).

The function of these corporate policies is to explicitly set out the expected standards of conduct around the values stated in those policies, against which all management decisions on the relevant topics are to be made. Accordingly, these corporate policies are intended to be clear guidelines of conduct for directors and employees as to the proper performance of their duties, including their exercise of any discretion thereon. It is therefore implicit in this approach that, any business action or decision taken in adherence to these policies may be assumed to have thereby complied with the Company's purpose, values and corporate interest in relation to that subject matter.

24. Consistent with the *Purpose and values of the Iberdrola group* and the commitment to contribute to the achievement of the SDGs approved by the United Nations (UN) and ESG requirements, the Company's Governance and Sustainability System differentiates those corporate policies which are general key policies (such as the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy*) from those with a specific purpose.
25. In the third Chapter of the Governance and Sustainability System, the Environmental and Climate Action policies, which are aligned with the goals and the commitments established by the Paris Agreement and the United Nations' (UN) 2030 Agenda for Sustainable Development, constitute Iberdrola's response to environmental challenges such as climate change and biodiversity loss. They recognise that there are opportunities arising from, and for, the energy and ecological transition. In line with the *Purpose and Values of the Iberdrola Group* and its sustainable development strategy, these policies reflect the Company's commitment to combating climate change, to green recovery and to the environment in all its forms, while generating value for its customers, its shareholders and other stakeholders.
26. Similarly, and within the framework of the Company's sustainable development strategy, the Social Commitment policies in the fourth Chapter of the Governance and Sustainability System reflect the Iberdrola Group's commitment to human rights, the development of professional relationships based on diversity, inclusion and sense of belonging, recognising that these principles are essential for promoting equal opportunity and non-discrimination in the management of people.
27. Finally, in the fifth Chapter of the Governance and Sustainability System the corporate governance and compliance policies and rules, incorporating best practices and designed to promote the company as a benchmark thereof, are grouped into three Parts: (i) 'corporate governance and regulatory compliance policies'; (ii) risk policies; (iii) rules on the governance of the corporate decision-making

bodies and of other internal functions.

28. The corporate governance and regulatory compliance policies define the directives, ethical principles and guidelines for the conduct of the shareholders, directors and professionals of the Group. These policies contain the detailed guidelines and directives regarding conduct which ensure that the Group's strategy is consistent with its values and principles, including in particular those which are defined in the *Purpose and Values of the Iberdrola Group* and its sustainable development strategy, all to the benefit of both the Group and the communities in which it operates. These reflect the Company's firm commitment to the *Purpose and Values of the Iberdrola Group*, to ethical principles, and to the ongoing monitoring and correction of improper conduct and acts that are illegal or contrary to the Governance and Sustainability System.
29. The purpose of the risk policies is to establish the basic principles and general framework for the control and management of the risks that the Company and its Group may be vulnerable to, especially including corporate risks and the specific risks of the various Iberdrola Group businesses.
30. The governance rules of the corporate decision-making bodies and of other internal functions include regulations and procedures that establish, among other things, the composition, powers and rules of operation thereof, as well as the duties and obligations of their members. Specifically, this section includes the *Terms of Reference of the Company's Board of Directors* and any committees of that Board, as relevant. The *Terms of Reference of the Company's Board of Directors* (amongst other things) states the Company's purpose and its business in the context of its position within the Iberdrola Group. They expressly recognise that the Company's corporate interest is focused on creating shared sustainable value, a commitment to the social dividend and engagement with stakeholders, the Company's role as a corporate pioneer, and other basic principles underpinning the key aspects and parameters of the Company's corporate structure, including any unique commercial, corporate and institutional features of the Iberdrola Group.
31. As summarised above, the Company's Governance and Sustainability System is formally organised into five Chapters, which are consistent with the five books of the Iberdrola Governance and Sustainability System. The Company's Governance and Sustainability System is updated from time to time in accordance with the Group's decision-making regulations and procedures to reflect any updates made to the Iberdrola policies, strategies and guidelines to the extent applicable, and in compliance with the model and structure described above.
32. In the interests of ensuring compliance and regulatory transparency, the full text and/or a summary of the documents comprising the Company's Governance and Sustainability System shall be made digitally available online on the Company's corporate website at [www.spenergynetworks.co.uk](http://www.spenergynetworks.co.uk).
33. The Company's Governance and Sustainability System is subject to a process of continuous review to ensure that it remains relevant, conforms to the facts and circumstances in which the Company operates, and includes the best practices and benchmarks in this area.






In Glasgow, on 21 September 2023

The Board of Directors

# The driving principles behind the Governance and Sustainability System

Leadership in corporate governance and transparency is one of the hallmarks of the Company's identity. The Board of Directors therefore regularly reviews the Governance and Sustainability System, keeping it updated and including in it the good governance recommendations and best practices generally accepted in international markets.

In order to disseminate the key ideas behind the Governance and Sustainability System, and to assist in searching by subject matter, the Company utilises the logos indicated below to refer to each principle and the main drivers behind them:

 <p><b>Sustainable Development Goals (SDGs)</b></p>	<p>The Company is committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN). It not only contributes decisively to meeting objectives seven and thirteen relating to the supply of affordable and clean energy and the fight against climate change, but it its daily activities also considers the seventeen goals as guidance in its decision-making processes, the principles of which inform its conduct and its daily tasks, rejecting actions that contravene them or hinder the achievement thereof.</p>
 <p><b>Climate Action</b></p>	<p>Climate change is one of the most important challenges that humanity must currently cope with. The Company recognises the contribution of its activities to climate goals and commits itself to taking on a leadership role in the fight against climate change, as well as to protecting the environment and biodiversity.</p>
 <p><b>Diversity and Inclusion</b></p>	<p>The Company has established the development of professional relationships based on diversity, inclusion and a sense of belonging, equal opportunity and non-discrimination, as well as the management of people as a strategic objective. In particular, it regards the achievement of gender equality within the Company to be one of the essential values of the organisation.</p>
 <p><b>Decentralised Structure</b></p>	<p>The corporate and governance structure of the Iberdrola Group is based on a recognition of its multinational character, which is diversified, organised efficiently and coordinated around Iberdrola, as the holding company, the Company and the other sub-holding companies and head of business companies, subject to basic common guidelines and the principle of subsidiarity, which seeks a balance between decentralised management and the exploitation of the synergies that arise from belonging to the Group.</p>
 <p><b>Compliance</b></p>	<p>The Company promotes a preventive culture based on the principle of "zero tolerance" towards improper conduct and acts that are illegal or contrary to the Governance and Sustainability System, on the one hand, and on the other the application of ethical principles and principles of responsible behaviour that should govern the conduct of all members of the management decision-making bodies, professional and suppliers of the Company. This culture inspires its effective, autonomous, independent and robust Compliance System, which is under continuous review in order to adopt the most advanced international practices and trends and new regulatory requirements in this area.</p>

## Governance & Sustainability System Chapter I

# By-laws

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Chapter I of the Governance & Sustainability System consists of the by-laws, i.e. the legal constitution, of the company applying the corporate governance system.

In respect of the Company, these are the *Articles of Association* of the Company.

The *Articles of Association* of Scottish Power Energy Networks Holdings Limited were adopted by a special resolution of the Company on 24 October 2022.

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No. SC389555

The Companies Act 2006

Company Limited by Shares

**ARTICLES OF ASSOCIATION**

adopted by special resolution passed on 24 October 2022

of

**Scottish Power Energy Networks Holdings Limited**

(incorporated on 26 November 2010)

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The Companies Act 2006  
Company Limited by Shares  
**Articles of Association**  
adopted by special resolution passed on 24 October 2022  
**of**  
**Scottish Power Energy Networks Holdings Limited (the “Company”)**  
**Preliminary**

**1 Default Articles not to apply**

Neither the regulations in The Companies (Model Articles) Regulations 2008 nor any other articles or regulations prescribing the form of articles applicable to the Company under any former enactment relating to companies shall apply to the Company.

**Part 1**  
**Interpretation and Limitation of Liability**

**2 Defined terms**

**2.1** In the Articles, unless the context requires otherwise:

“**Alternate**” or “**Alternate Director**” has the meaning given in Article 35;

“**appointor**” has the meaning given in Article 35;

“**Articles**” means the Company’s articles of association;

“**Associated Company**” has the same meaning as in Section 256 Companies Act 2006;

“**bankruptcy**” includes individual insolvency proceedings in a jurisdiction other than Scotland which have an effect similar to that of bankruptcy;

“**Board**” means the board of directors of the Company;

“**Chairman**” has the meaning given in Article 16;

“**Chairman of the Meeting**” has the meaning given in Article 58;

“**Companies Acts**” means the Companies Acts (as defined in Section 2 of the Companies Act 2006), in so far as they apply to the Company;

**“Director”** means a director of the Company, and includes any person occupying the position of director, by whatever name called;

**“document”** includes, unless otherwise specified, any document sent or supplied in electronic form;

**“electronic form”** has the meaning given in Section 1168 of the Companies Act 2006;

**“fully paid”** in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

**“hard copy form”** has the meaning given in Section 1168 of the Companies Act 2006;

**“holder”** in relation to shares means the person whose name is entered in the register of Members as the holder of the shares;

**“Iberdrola”** has the meaning given in Article 4.1;

**“Iberdrola Group”** has the meaning given in Article 4.1;

**“Member”** means a member of the Company;

**“ordinary resolution”** has the meaning given in Section 282 of the Companies Act 2006;

**“paid”** means paid or credited as paid;

**“participate”**, in relation to a Directors’ meeting, has the meaning given in Article 14;

**“payee”** has the meaning given in Article 50;

**“proxy notice”** has the meaning given in Article 64;

**“Relevant Officer”** means any Director, former Director or Secretary of the Company or any director or former director of an Associated Company of the Company;

**“Secretary”** means any person appointed to perform the duties of the secretary of the Company (including any deputy or assistant secretary) in accordance with Article 36;

**“shareholder”** means a person who is the holder of a share;

**“shares”** means shares in the Company;

**“special resolution”** has the meaning given in Section 283 of the Companies Act 2006;

**“SPEN Business”** has the meaning given in Article 4.2;

**“subsidiary”** has the meaning given in Section 1159 of the Companies Act 2006;

**“transmittee”** means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

“**writing**” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

**2.2** Unless the context otherwise requires, (i) other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles become binding on the Company and (ii) words importing a gender include every gender.

**2.3** The provisions of these Articles relating to general meetings and to the proceedings at such meetings shall apply to separate meetings of a class of shareholders.

### **3 Liability of shareholders**

The liability of the shareholders is limited to the amount, if any, unpaid on the shares held by them.

## **Part 2 The Corporate Group**

### **4 The Company within the Iberdrola Group**

**4.1** The Company is part of an international and decentralised industrial group of which Iberdrola, S.A. (“**Iberdrola**”), a Spanish company, is the controlling entity and listed holding company pursuant to Spanish law (the “**Iberdrola Group**”) whose corporate structure of decentralised decision-making (based on the principle of subsidiarity and the implementation of detailed coordination mechanisms) are designed to ensure the global integration of all of the Iberdrola Group’s businesses, in accordance with a business model aimed at maximising the value of the Iberdrola's Group's business as a whole in the interests of its members, whilst maintaining a system of checks and balances and a clear separation of functions and responsibilities.

**4.2** The Company is configured as the head of business sub-holding company of the energy networks business (which includes the electricity transmission and distribution regulated activity) in Great Britain (the “**SPEN Business**”) as part of the Iberdrola Group, assuming, without prejudice to its necessary corporate autonomy, the day-to-day administration and effective management of the business that constitutes its corporate purpose and with the consequent responsibility for its ordinary control, notwithstanding the organisation, monitoring and strategic coordination function held by Scottish Power Limited (the Company’s indirect sole shareholder) as the principal sub-holding company of the Iberdrola Group in Great Britain, without prejudice to any applicable legal provisions regarding the separation of regulated activities.



## **5 Stakeholder Engagement, Corporate Website, Presence in Social Media and Digital Transformation**

- 5.1** The Company, as the head of business sub-holding company of the SPEN Business, shall engage with all stakeholders in its business activities in accordance with any engagement policy adopted on the same based on the principles of transparency and active listening which allows for stakeholders' legitimate interests to be taken into consideration, and the Company shall ensure the effective disclosure of information regarding its activities as appropriate.
- 5.2** The Company shall ensure that its corporate website, its presence and activity on social media, and, in general, its digital innovation strategy, contributes to the Iberdrola Group's digital communication strategy aimed at, among other purposes, encouraging stakeholder engagement, reinforcing their sense of belonging and favouring the development of the businesses of the Iberdrola Group and a digital transformation strategy in accordance with the principles described in Article 5.1, without prejudice to any applicable legal provisions regarding the separation of regulated activities.
- 5.3** The Company shall ensure the accessibility of its corporate website based on the principles of stakeholder engagement, transparency, and best practice in digital communication in accordance with Articles 5.1 and 5.2.

## **Part 3 Directors**

### **Directors' Powers and Responsibilities**

#### **6 Number of Directors**

The Directors shall not be less than 3 nor more than 10 in number. The Company may, by ordinary resolution, from time to time vary the minimum and/or maximum number of Directors.

#### **7 Directors' general authority**

Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

#### **8 Shareholders' reserve power**

- 8.1** The shareholders may, by special resolution, direct the Directors to take, or refrain from taking, specified action.

- 8.2** No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

## **9 Directors may delegate**

- 9.1** Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles:

- 9.1.1** to such person (who need not be a Director) or committee (comprising any number of persons, who need not be Directors);
- 9.1.2** by such means (including by power of attorney);
- 9.1.3** to such an extent;
- 9.1.4** in relation to such matters or territories; and
- 9.1.5** on such terms and conditions,  
as they think fit.

- 9.2** If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

- 9.3** Any reference in these Articles to the exercise of a power or discretion by the Directors shall include a reference to the exercise of a power or discretion by any person or committee to whom it has been delegated.

- 9.4** The Directors may revoke any delegation in whole or in part, or alter its terms and conditions.

## **10 Committees**

The Directors may make regulations in relation to the procedures of committees or sub-committees to whom their powers or discretions have been delegated or sub-delegated. Subject to any such regulations, the meetings and procedures of any committee or sub-committee shall be governed by the provisions of these Articles regulating the meetings and procedures of Directors.

## **Decision-Making by Directors**

### **11 Directors to take decisions collectively**

The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken by Directors' written resolution in accordance with Article 12.

## **12 Directors' written resolutions**

- 12.1** Any Director or the Secretary may propose a written resolution by giving written notice to the other Directors including Alternate Directors (if any) whose appointors are entitled to vote on such resolution or to members of a committee formed under Article 10 for the time being entitled to vote on such a resolution, or may request the Secretary (if any) to give such notice.
- 12.2** Subject always to Article 12.3, a Directors' written resolution is adopted when a majority of the Directors (or Alternate Directors (if any) whose appointors are entitled to vote on such a resolution or the majority of the members of a committee formed under Article 9) who would have been entitled to vote on such a resolution if it had been proposed at a meeting of the Directors have:
- 12.2.1** signed one or more copies of it; or
  - 12.2.2** otherwise indicated their agreement to it in writing or through any electronic voting system provided by the Company for this purpose.
- 12.3** A Directors' written resolution is not adopted if the number of Directors who have signed or otherwise indicated their agreement to it in accordance with Article 12.2 is less than the quorum for Directors' meetings.
- 12.4** Once a Directors' written resolution has been adopted, it must be treated as if it had been a resolution passed at a Directors' meeting in accordance with the Articles.
- 12.5** A Directors' written resolution shall be deemed to be properly sent to a Director if sent in electronic form to such electronic address (if any) as may for the time being be notified by him/her or on his/her behalf to the Company for that purpose or if it is sent to him/her personally or by word of mouth or sent by instrument to him/her at his/her last known address or such other address (if any) as may for the time being be notified by him/her or on his/her behalf to the Company for that purpose.

## **13 Calling a Directors' meeting**

- 13.1** Subject to the provisions of these Articles, the Directors may meet together to conduct business, adjourn and otherwise regulate their meetings as they think fit. A Director may at any time, and the Secretary on the requisition of a Director shall, call a meeting of the Directors.
- 13.2** Notice of a meeting of the Board and any specific information deemed necessary shall, and any other communication may, be made available to the Directors digitally and, in particular, through the use of a secure Directors' website which may be set up from time to time.
- 13.3** Notice of a meeting of the Directors (and any relevant board papers) shall be deemed to be properly sent to a Director if it is sent in electronic form to such address (if any) as may for the time being be notified by him/her or on his/her behalf to the Company for that purpose or if it is

sent to him/her personally or by word of mouth or sent by instrument to him/her at his/her last known address or such other address (if any) as may for the time being be notified by him/her or on his/her behalf to the Company for that purpose. Notice of a meeting of the Directors shall be given at least three days prior to the date of the meeting, or less if reasonable in the circumstances. In the event of a dispute on whether reasonable notice was given, the chairman's decision shall be final. A Director may waive notice of a particular meeting either prospectively or retrospectively, and where such waiver is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

- 13.4** Without prejudice to the first sentence of Article 13.1 a meeting of the Directors, or of a committee of the Directors, may, if the chairman of the meeting or committee allows, with respect to one or more directors, taking into account the relevant circumstances in each case, consist of a conference between Directors who are not all in one place, but of whom each is able, directly or by telephonic or other communication, to speak to each of the others and to be heard by each of the others simultaneously, adopting, where appropriate, any procedure that ensures that those participating in the proceedings can be identified, that the confidentiality of the proceedings is preserved and that an account of the proceedings (and any decisions adopted therein) is duly taken and preserved. Directors must comply with the security and privacy protocols established by the Company for such proceedings. A Director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Without prejudice to any other provision in this Article, such a meeting as referenced within this Article 13.4 shall be called at the registered office of the Company, and the meeting shall be deemed to take place at the registered office of the Company provided that a participating Director is present at that location or, in the circumstance where this is not the case, wherever any of the participating Directors is, as determined between them. The word "meeting" in these Articles shall be construed accordingly.
- 13.5** The Chairman may invite to the meetings of the Board any persons who the Chairman determines may assist the Directors with relevant information, provided that such persons shall not participate in the decision-making part of the meetings nor any other part of the meeting which does not pertain to the purpose of their attendance. When the Chairman deems it appropriate, the Chairman may authorise their remote attendance, taking into account the relevant circumstances in each case and as referenced in Article 13.4. The Secretary shall record the entry and exit of the guests at each meeting in the minutes.

## **14 Participation in Directors' meetings**

- 14.1** Subject to the Articles, Directors may participate in a Directors' meeting, or part of a Directors' meeting, to conduct business or adjourn, or otherwise regulate their meetings as they think fit, provided always:
- 14.1.1** the meeting has been called and takes place in accordance with the Articles; and

14.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

14.2 A Director who is unable to attend any meeting of the Directors and has not appointed an Alternate Director may authorise any other Director to vote on his/her behalf at that meeting. The voting rights of any Director being so authorised in accordance with this Article shall be cumulative, but that Director shall not be counted more than once for the purposes of the quorum. The Secretary shall retain a record of any written notice submitted to the Company. The authorised Director's signature on any resolution or other matter in writing of the Directors shall be as effective as the signature of the authorising Director.

## **15 Quorum for Directors' meetings**

15.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

15.2 The quorum for Directors' meetings may be fixed from time to time by a decision of the Directors provided that all the Directors unanimously approve such quorum and, unless so fixed at any other number, shall be at least half the members of the Board plus one. In the event that the number of members of the Board is an odd number, the quorum for Directors' meetings, unless fixed at any other number as aforesaid, shall be at least half the members of the Board (rounded up to the next whole number) plus one.

15.3 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision:

15.3.1 to appoint further Directors; or

15.3.2 to call a general meeting so as to enable the shareholders to appoint further Directors.

## **16 Chairing of Directors' meetings**

16.1 The Directors shall appoint a Director to chair their meetings.

16.2 The person so appointed for the time being is known as the Chairman.

16.3 The Directors may terminate the Chairman's appointment at any time.

16.4 If the Chairman is not participating in a Directors' meeting within ten minutes of the time at which it was to start, the participating Directors may appoint one of their number to chair it.

## **17 Casting vote**

17.1 Subject to Article 17.2, if the numbers of votes for and against a proposal are equal, the Chairman or other Director chairing the meeting has a casting vote.

- 17.2** Article 17.1 does not apply if, in accordance with the Articles, the Chairman or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

## **18 Validity of proceedings**

All acts (both written and unwritten) done by any meeting of Directors, or of any committee or sub-committee of the Directors, or by any person acting as a member of any such committee or sub-committee, shall as regards all persons dealing in good faith with the Company be valid, notwithstanding that there was some defect in the appointment of any Director or any such persons, or that any such persons were disqualified or had vacated office, or were not entitled to vote, or were otherwise incapacitated.

## **19 Record of decisions to be kept**

The Directors or Secretary (if any) must ensure that the Company keeps a record, in writing, of every majority decision taken by the Directors and of every Directors' written resolution for at least 10 years from the date of the decision or resolution.

## **20 Directors' discretion to make further rules**

Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

## **21 Change of name**

The Company may change its name by a decision of the Directors.

## **Directors' Interests**

### **22 Authorisation of Directors' interests**

- 22.1** For the purposes of Section 175 of the Companies Act 2006, the Directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director to avoid a situation in which he/she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

- 22.2** Authorisation of a matter under this Article 22 shall be effective only if:

- 22.2.1** the matter in question shall have been proposed for consideration at a meeting of the Directors, in accordance with the usual procedures for such meetings or in such other manner as the Directors may resolve;

- 22.2.2** any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question and any other interested Director (together the “**Interested Directors**”); and
- 22.2.3** the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.
- 22.3** Any authorisation of a matter under this Article may:
- 22.3.1** extend to any actual or potential conflict of interest which may arise out of the matter so authorised;
- 22.3.2** be subject to such conditions or limitations as the Directors may resolve, whether at the time such authorisation is given or subsequently; and
- 22.3.3** be terminated by the Directors at any time;
- and a Director shall comply with any obligations imposed on him/her by the Directors pursuant to any such authorisation.
- 22.4** A Director shall not, save as otherwise agreed by him/her, be accountable to the Company for any benefit which he/she (or a person connected with him/her) derives from any matter authorised by the Directors under this Article 22 and any contract, transaction or arrangement relating to such a matter shall not be liable to be avoided on the grounds of any such benefit.
- 22.5** This Article does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company.

## **23 Permitted Interests**

- 23.1** Subject to compliance with Article 23.2, a Director, notwithstanding his/her office, may have an interest of the following kind:
- 23.1.1** where a Director (or a person connected with him/her) is a director or other officer of, or employed by, or otherwise interested (including by the holding of shares) in any Relevant Company;
- 23.1.2** where a Director (or a person connected with him/her) is a party to, or otherwise interested in, any contract, transaction or arrangement with a Relevant Company, or in which the Company is otherwise interested;
- 23.1.3** where a Director (or a person connected with him/her) represents the interests of any Member whose interests may conflict, from time to time, with the interests of the Company;
- 23.1.4** where a Director has an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;

23.1.5 where a Director has an interest, or a transaction or arrangement gives rise to an interest, of which the Director is not aware; or

23.1.6 where a Director has any other interest authorised by ordinary resolution.

No authorisation under Article 22 shall be necessary in respect of any such interest.

**23.2** A Director shall declare the nature and extent of any interest permitted under Article 23.1 and not falling within Article 23.3, at a meeting of the Directors or in such other manner as the Directors may resolve.

**23.3** No declaration of an interest shall be required by a Director in relation to an interest:

23.3.1 falling within Articles 23.1.1, 23.1.3 or 23.1.5;

23.3.2 if, or to the extent that, the other Directors are already aware of such interest (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware); or

23.3.3 if, or to the extent that, it concerns the terms of his/her service contract (as defined in Section 227 of the Companies Act 2006) that have been or are to be considered by a meeting of the Directors, or by a committee of Directors appointed for the purpose under these Articles.

**23.4** A Director shall not, save as otherwise agreed by him/her, be accountable to the Company for any benefit which he/she (or a person connected with him/her) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any Relevant Company or for such remuneration, each as referred to in Article 23.1, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

**23.5** For the purposes of this Article 23, "**Relevant Company**" shall mean:

23.5.1 the Company;

23.5.2 a subsidiary of the Company;

23.5.3 any holding company of the Company or a subsidiary of any such holding company;

23.5.4 any body corporate promoted by the Company; or

23.5.5 any body corporate in which the Company is otherwise interested.

## **24 Quorum and voting**

**24.1** A Director shall not be entitled to vote on any resolution in respect of any contract, transaction or arrangement, or any other proposal, in which he/she (or a person connected with him/her) has an interest, unless the interest is solely of a kind permitted by Article 23.1.



- 24.2** A Director shall not be counted in the quorum at a meeting of the Directors in relation to any resolution on which he/she is not entitled to vote.

## **25 Confidential information**

- 25.1** Subject to Article 25.2, if a Director, otherwise than by virtue of his/her position as Director, receives information in respect of which he/she owes a duty of confidentiality to a person other than the Company, he/she shall not be required:

**25.1.1** to disclose such information to the Company or to the Directors, or to any Director, officer or employee of the Company; or

**25.1.2** otherwise use or apply such confidential information for the purpose of or in connection with the performance of his/her duties as a Director.

- 25.2** Directors shall maintain in strict confidence the information (including all deliberations) from meetings of, and provided in connection with their positions on, the Board and the committees of which they are members, as appropriate. They shall refrain from disclosing (other than in the course of the proper fulfilment of their duties as Directors) the information, data, reports and background information to which they have had access in the exercise of their duties, and from using such information for their own benefit or that of a third party. Directors must also adhere to any restrictions or procedures established for the use of electronic systems, applications and similar items made available to them by the Company.

- 25.3** Where such duty of confidentiality arises out of a situation in which the Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, Article 25.1 shall apply only if the conflict arises out of a matter which has been authorised under Article 22 or falls within Article 23.

- 25.4** This Article 25 is without prejudice to any equitable principle or rule of law which may excuse or release the Director from disclosing information, in circumstances where disclosure may otherwise be required under this Article 25.

## **26 Directors' interests - general**

- 26.1** For the purposes of Articles 22 to 26:

**26.1.1** a person is connected with a Director if that person is connected for the purposes of Section 252 of the Companies Act 2006; and

**26.1.2** an interest (whether of the Director or of such a connected person) of which a Director has no knowledge and of which it is unreasonable to expect him/her to have knowledge shall not be treated as an interest of his/her.

- 26.2** Where a Director has an interest which can reasonably be regarded as likely to give rise to a conflict of interest, the Director may, and shall if so requested by the Directors, take such additional steps as may be necessary or desirable for the purpose of managing such conflict of interest, including compliance with any procedures laid down from time to time by the Directors for the purpose of managing conflicts of interest generally and/or any specific procedures approved by the Directors for the purpose of or in connection with the situation or matter in question, including without limitation:
- 26.2.1** absenting himself/herself from any meetings of the Directors at which the relevant situation or matter falls to be considered; and
  - 26.2.2** not reviewing documents or information made available to the Directors generally in relation to such situation or matter and/or arranging for such documents or information to be reviewed by a professional adviser to ascertain the extent to which it might be appropriate for him/her to have access to such documents or information.
- 26.3** Directors must adopt the necessary measures to prevent creating conflicts of interest as contemplated by the law.
- 26.4** Without prejudice to any provision of law, a conflict of interest shall arise where the interests of a Director, whether on their own behalf or on behalf of others, conflict, directly or indirectly, with the interests of the Company (or the companies within the Iberdrola Group) and their duties towards the Company.
- 26.5** The Secretary shall create and maintain an up-to-date record of the conflicts of interest reported by Directors, being the register of directors' interests, and the reporting Directors shall ensure that the information contained in this register shall be sufficiently detailed to make it possible to understand the scope of each conflict of interest situation.
- 26.6** The Company may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of Articles 22 to 26.

## **Appointment of Directors**

### **27 Methods of appointing Directors**

- 27.1** Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director:
- 27.1.1** by ordinary resolution;
  - 27.1.2** by a decision of the Directors; or
  - 27.1.3** by a notice given in accordance with Article 30.

**27.2** In any case where, as a result of death, the Company has no shareholders and no Directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a Director.

**27.3** For the purposes of Article 27.2, where two or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

## **28 Appointment or removal of an independent director**

Without prejudice to the provisions of the Companies Act 2006 and to any applicable legal provisions regarding regulated activity, no appointment or removal of an external director (as defined in Article 34.1.3) shall be carried out without first obtaining a proposal or report by the Appointments Committee of Iberdrola, which shall have taken into account their personal and professional merit and qualifications, including (without limitation) whether or not such appointee may carry out duties as a member of the Company's Audit and Compliance Committee (such as may be constituted) with sufficient independence.

## **29 Termination of Director's appointment**

**29.1** A person ceases to be a Director as soon as:

**29.1.1** that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;

**29.1.2** a bankruptcy order is made against that person;

**29.1.3** a composition is made with that person's creditors generally in satisfaction of that person's debts;

**29.1.4** a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

**29.1.5** notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;

**29.1.6** a shareholder or shareholders holding in aggregate a majority of the nominal value of the shares of the Company terminates that Director's appointment by written notice to the Company;

**29.1.7** the ultimate holding company (as defined under Section 1159 of the Companies Act 2006), from time to time, of the Company terminates that Director's appointment by written notice to the Company; or

29.1.8 notice of termination is served or deemed served upon the Director and that notice is given by all the other Directors for the time being.

**29.2** If a Director holds an appointment to an executive office which automatically terminates on termination of his/her office as a Director, his/her removal from office pursuant to this Article 29 shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him/her and the Company.

### **30 Appointment of Director by majority shareholders**

A shareholder or shareholders holding in aggregate a majority of the nominal value of the shares may, by notice to the Company, appoint any person to be a Director to fill a vacancy or to be an additional Director.

### **31 Directors' remuneration**

Any Director who is appointed to any executive office (including for this purpose the office of Chairman or deputy chairman or vice-chairman whether or not such office is held in an executive capacity) or who serves on any committee or who acts as trustee of a retirement benefits scheme or employees' share scheme or who otherwise performs services which, in the opinion of the Directors or any committee thereof, are outside the scope of the ordinary duties of a Director or who makes any special exertions in going or residing abroad or otherwise in or about the business of the Company, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

### **32 Directors' expenses**

**32.1** The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

32.1.1 meetings of Directors or committees of Directors;

32.1.2 general meetings; or

32.1.3 separate meetings of the holders of any class of shares or of debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

### **33 Appointment of executive Officers**

**33.1** The Directors may from time to time appoint one or more of their number to be the holder of any executive office or make any appointment by them of a Director conditional upon his/her

accepting any executive office (including, where considered appropriate, the office of Chairman, deputy chairman or vice-chairman, or chief, deputy chief or assistant chief executive whether or not such office is held in an executive capacity) and may enter into an agreement or arrangement with any such Director for his/her employment by the Company or for the provision by him/her of any services outside the scope of the ordinary duties of a Director. For the avoidance of doubt, the holder of an executive office need not be appointed as a Director in an executive capacity. Any such appointment, agreement or arrangement may be made on such terms and for such period as they may (subject to the Companies Acts) resolve and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke or vary the terms of any such appointment.

- 33.2** The appointment of any Director to the office of Chairman or chief executive shall automatically terminate if he/she ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him/her and the Company.
- 33.3** The appointment of any Director to any other executive office shall not automatically terminate if he/she ceases to be a Director for any reason, unless the contract or resolution under which he/she holds office shall expressly state otherwise, in which event such termination shall be without prejudice to any claim for damages for breach of any contract of service between him/her and the Company.

## **34 Types of Director**

- 34.1** A Director might be classified within one of the following categories:

- 34.1.1** executive directors, being those who perform management functions within the Company;
- 34.1.2** non-executive, non-external ('proprietary') directors, being those who represent a direct or indirect shareholder of the Company and who do not have the status of executive director; and
- 34.1.3** external directors, being those who do not represent a direct or indirect shareholder of the Company and do not have the status of executive director (including to perform management duties within the Company), but who provide independent oversight and advice in the performance of their duties as a Director.

- 34.2** The classification of Directors under this Article 34 shall not affect the independence with which all Directors must perform the functions pertaining to their office and their compliance with their statutory duties as Directors of the Company or any applicable legal provisions regarding regulated activities.

## **Alternate Directors**

### **35 Alternate Directors**

- 35.1** Any Director (the “**appointor**”) may at any time appoint any person (including another Director) to be his/her alternate (the “**Alternate**” or the “**Alternate Director**”) and may at any time terminate such appointment.
- 35.2** The appointment or termination of appointment of an Alternate Director must be made by notice in writing signed by the appointor or in any other manner approved by the Directors, or in accordance with Article 35.4.
- 35.3** The notice must identify the proposed Alternate and, in the case of an appointment, contain a statement signed by the proposed Alternate stating that the proposed Alternate is willing to act as the Alternate of the Director giving the notice.
- 35.4** The appointment of an Alternate Director shall terminate:
- 35.4.1** when the appointor revokes the appointment by notice to the Company specifying when it is to terminate;
  - 35.4.2** on the occurrence in relation to the Alternate of any event which if it happened to the Alternate’s appointor, would result in the termination of the appointor’s appointment as a Director;
  - 35.4.3** on receipt by the Company of notice in writing by the Alternate of his/her resignation from such appointment;
  - 35.4.4** on the death of the Alternate’s appointor; or
  - 35.4.5** if his/her appointor ceases to be a Director.
- 35.5** An Alternate Director shall be entitled to receive notices of meetings of the Directors and of any committee of the Directors of which his/her appointor is a member and shall be entitled to attend and vote as a Director at any such meeting and be counted in the quorum at any such meeting at which his/her appointor is not personally present and generally at such meetings to perform all functions of his/her appointor as a Director. For the purposes of the proceedings at such meetings, the provisions of these Articles shall apply as if the Alternate Director (instead of his/her appointor) were a Director.
- 35.6** If an Alternate is himself/herself a Director or shall attend any such meeting as an Alternate for more than one Director, his/her voting rights shall be cumulative, but he/she shall not be counted more than once for the purposes of the quorum.

- 35.7** If his/her appointor is for the time being temporarily unable to act through ill health or disability an Alternate's signature to any resolution in writing of the Directors shall be as effective as the signature of his/her appointor.
- 35.8** This Article 35 shall also apply (with such changes as are necessary) to such extent as the Directors may from time to time resolve to any meeting of any committee of the Directors of which the appointor of an Alternate Director is a member.
- 35.9** An Alternate Director shall not (except as otherwise provided in this Article 35) have power to act as a Director, nor shall he/she be deemed to be a Director for the purposes of these Articles, nor shall he/she be deemed to be the agent of his/her appointor.
- 35.10** An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent as if he/she were a Director.
- 35.11** An Alternate shall not be entitled to receive remuneration from the Company in respect of his/her appointment as Alternate Director except to the extent his/her appointor directs the Company to pay to the Alternate some of the remuneration otherwise payable to that Director.

## **Secretary**

### **36 Secretary**

- 36.1** If the Directors so resolve, a Secretary shall be appointed on such terms as the Directors think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him/her and the Company.
- 36.2** The Secretary shall be responsible for performing the typical duties of a company secretary which shall include (but not be limited to) ensuring compliance with the relevant provisions of the Companies Acts and all matters of corporate governance.
- 36.3** The Secretary shall (without prejudice to any obligations or duties of Directors) perform the functions assigned to him/her by law and by the Company's system of corporate governance, and in particular:
- 36.3.1** to keep and preserve a record of the resolutions of the Member(s) of the Company;
  - 36.3.2** to inform the Board of any resolutions of the Company approved by its Member(s), and to make any relevant filings in connection with such resolutions in accordance with the relevant legal requirements;
  - 36.3.3** to keep and preserve a record of contracts entered into between the Member(s) and the Company;

- 36.3.4 to keep and preserve a record of minutes of the Board and other administrative bodies on which he/she holds the office of secretary, duly reflecting the development of the meetings, and also to keep and preserve the corporate documentation generated in relation to the operation of these administrative bodies;
- 36.3.5 to advise upon and check the legality of the actions of the Board and other administrative bodies on which he/she holds the office of secretary and that such actions are in accordance with the Company's system of corporate governance, taking into account for such purposes, among other things, any provisions that may be issued by regulatory bodies;
- 36.3.6 to advise the Board in relation to the development and updating of the Company's system of corporate governance;
- 36.3.7 to facilitate the Company's interaction with the Directors and the proper functioning of the Board, in accordance with the instructions of the Chairman;
- 36.3.8 to assist the Chairman in arranging for the Directors to receive, with sufficient notice and in the appropriate format, relevant information for the proper exercise of their duties, and to facilitate requests for information and documentation from the Directors in respect of those matters that are of interest to the Board;
- 36.3.9 to exercise the duties set out in Articles 36.3.7 and 36.3.8 above in relation to the committees or commissions of the Board on which he/she acts as secretary;
- 36.3.10 to arrange for all relevant information to be included on the Company's corporate website in accordance with the Company's system of corporate governance;
- 36.3.11 to ensure, under the supervision of the Chairman, the effective coordination (and establishment of all necessary information flows) between the Board and the internal committees or commissions with advisory or support functions in relation to the Board; and
- 36.3.12 to certify any documentation in respect of any of the above.

## **37 Experts and legal adviser to the Board**

- 37.1 For the purpose of procuring assistance for the exercise of their duties, any Director may request the engagement, at the Company's expense, of legal, accounting, technical, business or financial advisers or other experts.
- 37.2 Such engagement must relate to specific issues which have significant importance and complexity and which emerge in the course of the Director's performance of their office.



- 37.3** The request for an expert to be hired must be channelled through the Secretary, who may, in turn, put it before the Board for approval, and such approval by the Board may be denied in well-founded instances, including where:
- 37.3.1** expert advice is not necessary for the proper performance of the duties entrusted to the Directors;
  - 37.3.2** the cost thereof is not reasonable in light of the significance of the issues or the assets and income of the Company;
  - 37.3.3** the technical assistance sought may be adequately provided by the Company's own experts and technical personnel; or
  - 37.3.4** it may entail a risk to the confidentiality of information which will be required to be made available to the expert.
- 37.4** The Board may also appoint a legal adviser to the Board. The Secretary may assume the functions of such legal adviser where the Board so determines, provided he/she is a practising solicitor and there is otherwise full compliance with all legal and professional requirements.

## **Part 4**

### **Shares and Distributions**

#### **Shares**

#### **38 All shares to be fully paid up**

- 38.1** No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.
- 38.2** This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

#### **39 Pre-emption rights**

The directors may allot equity securities as if Section 561 of the Companies Act 2006 (Existing shareholders' rights of pre-emption) did not apply to the allotment.

#### **40 Powers to issue different classes of share**

- 40.1** Subject to the Articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution (or, if the Company does not so determine, as the Directors may determine in accordance with section 550 of the Companies Act 2006).

- 40.2** The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the Directors may determine the terms, conditions and manner of redemption of any such shares.

## **41 Trusts**

The Company shall be entitled, but shall not be bound, to accept and, in case of acceptance, shall be entitled to record in such manner as it may think fit, notices of any trusts in respect of any of the shares. Notwithstanding any such acceptance and/or the making of any such record, the Company shall not be bound to see to the execution, administration or observance of any trust, whether expressed, implied or constructive in respect of any shares, and shall be entitled to recognise and give effect to the acts and deeds of the holders of such shares as if they were absolute owners thereof. For the purpose of this article, "trust" includes any right in respect of any shares other than an absolute right thereto in the holder thereof for the time being or such other rights in case of transmission of shares as are set out in the Articles.

## **42 Share certificates**

- 42.1** The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 42.2** Every certificate must specify:
- 42.2.1** the number and class of shares to which it relates;
  - 42.2.2** the nominal value of those shares;
  - 42.2.3** that the shares are fully paid; and
  - 42.2.4** any distinguishing numbers assigned to them.
- 42.3** No certificate may be issued in respect of shares of more than one class.
- 42.4** If more than one person holds a share, only one certificate may be issued in respect of it.
- 42.5** Certificates shall be executed by the Company in such manner as the Directors may decide.

## **43 Replacement share certificates**

- 43.1** A shareholder who has separate certificates in respect of shares of one class may request in writing that it be replaced with a consolidated certificate. The Company may comply with such request at its discretion.

- 43.2** A shareholder who has a consolidated share certificate may request in writing that it be replaced with two or more separate certificates representing the shares in such proportions as he/she may specify. The Company may comply with such request at its discretion.
- 43.3** If a share certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, the Member shall be issued a new certificate representing the same shares upon request.
- 43.4** No new certificate will be issued pursuant to this Article 43 unless the relevant shareholder has:
- 43.4.1** first delivered the old certificate or certificates to the Company for cancellation; or
  - 43.4.2** complied with such conditions as to evidence and indemnity as the Directors may think fit; and
  - 43.4.3** paid such reasonable fee as the Directors may decide.
- 43.5** In the case of shares held jointly by several persons, any request pursuant to this Article 43 may be made by any one of the joint holders.

#### **44 Authorisation for share buy back out of cash**

Subject to the Companies Act 2006, but without prejudice to any other provision of these Articles, the Company may purchase its own shares out of capital otherwise than in accordance with Chapter 5 of Part 18 of the Companies Act 2006, up to an aggregate purchase price in a financial year of the lower of:

- 44.1** £15,000; or
- 44.2** the nominal value of 5% of its fully paid share capital as at the beginning of the financial year.

#### **45 Share transfers**

- 45.1** Shares may be transferred by means of an instrument of transfer executed by or on behalf of the transferor. Such instrument of transfer must be in hard copy form but may otherwise be in any usual form or any other form approved by the Directors.
- 45.2** No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 45.3** The Company may retain any instrument of transfer which is registered.
- 45.4** The transferor remains the holder of the shares concerned until the transferee's name is entered in the register of Members in respect of those shares.
- 45.5** The Directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of the refusal unless they suspect that the proposed transfer may be fraudulent.

## **46 Transmission of shares**

- 46.1** If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- 46.2** A transmittee who produces such evidence of entitlement to shares as the Directors may reasonably require:
- 46.2.1** may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person, provided that the Directors shall, in any case, have the same right to decline registration as they would have had in the case of a transfer of the share by the relevant Member before the occurrence of the transmission event, and
  - 46.2.2** subject to the Articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- 46.3** A transmittee does not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which it is entitled, by reason of the holder's death or bankruptcy or otherwise, unless it becomes the holder of those shares.

## **47 Exercise of transmittees' rights**

- 47.1** A transmittee who wishes to become the holder of shares to which it has become entitled must notify the Company in writing of that wish.
- 47.2** If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in hard copy form in respect of it.
- 47.3** Any transfer made or executed under this Article 47 is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

## **48 Transmittees bound by prior notices**

If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of Members.

## **Dividends and Other Distributions**

### **49 Procedure for declaring dividends**

- 49.1** The Company may by ordinary resolution declare dividends, and the Directors may decide to pay dividends (whether final or otherwise).

- 49.2** A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- 49.3** No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 49.4** Unless the shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 49.5** If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 49.6** The Directors may pay fixed dividends on any class of shares carrying such a dividend expressed to be payable on fixed dates on the dates prescribed for payment if it appears to them that the profits available for distribution justify the payment.
- 49.7** If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of a fixed or interim dividend on shares with deferred or non-preferred rights.

## **50 Payment of dividends and other distributions**

- 50.1** Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
- 50.1.1** transfer to a bank or building society account specified by the payee either in writing or as the Directors may otherwise decide;
  - 50.1.2** sending a cheque made payable to the payee by post to the payee at the payee's registered address (if the payee is a holder of the share), or (in any other case) to an address specified by the payee either in writing or as the Directors may otherwise decide;
  - 50.1.3** sending a cheque made payable to such person by post to such person at such address as the payee has specified either in writing or as the Directors may otherwise decide; or
  - 50.1.4** any other means of payment as the Directors agree with the payee either in writing or by such other means as the Directors decide.
- 50.2** Subject to the provisions of these Articles and to the rights attaching to any shares, any dividend or other sum payable on or in respect of a share may be paid in such currency as the Directors may resolve, using such exchange rate for currency conversions as the Directors may select.
- 50.3** In the Articles, the "**payee**" means, in respect of a share in respect of which a dividend or other sum is payable:

- 50.3.1 the holder of the share; or
- 50.3.2 if the share has two or more joint holders, whichever of them is named first in the register of Members; or
- 50.3.3 if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee; or
- 50.3.4 such other person or persons as the holder (or, in the case of joint holders, all of them) may direct.

## **51 No interest on distributions**

- 51.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:
  - 51.1.1 the terms on which the share was issued; or
  - 51.1.2 the provisions of another agreement between the holder of that share and the Company.

## **52 Unclaimed distributions**

- 52.1 All dividends or other sums which are:
  - 52.1.1 payable in respect of shares; and
  - 52.1.2 unclaimed after having been declared or become payable,
    - may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.
- 52.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.
- 52.3 The Company shall be entitled to cease sending dividend warrants and cheques by post or otherwise to a Member if those instruments have been returned undelivered to, or left uncashed by, that Member on at least two consecutive occasions, or, following one such occasion, reasonable enquiries have failed to establish the Member's new address. The entitlement conferred on the Company by this Article 52.3 in respect of any Member shall cease if the Member claims a dividend or cashed a dividend warrant or cheque.
- 52.4 If:
  - 52.4.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and
  - 52.4.2 the payee has not claimed it,

the payee is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

### **53 Non-cash distributions**

**53.1** Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, direct the payment of a dividend in whole or in part or other distribution payable in respect of a share by the transfer of non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company) and the Directors shall give effect to such resolution.

**53.2** For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

**53.2.1** fixing the value of any assets;

**53.2.2** paying cash to any payee on the basis of that value in order to adjust the rights of recipients; and

**53.2.3** vesting any assets in trustees.

### **54 Waiver of distributions**

**54.1** Payees may waive their entitlement to a dividend or other distribution payable in respect of a share in whole or in part by giving the Company notice in writing to that effect, but if:

**54.1.1** the share has more than one holder; or

**54.1.2** more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

## **Capitalisation of Profits**

### **55 Authority to capitalise and appropriation of capitalised sums**

**55.1** Subject to the Articles, the Directors may, if they are so authorised by an ordinary resolution:

**55.1.1** capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account, capital redemption reserve or other undistributable reserve; and

- 55.1.2 appropriate any sum which they so decide to capitalise (a “**capitalised sum**”) to the persons who would have been entitled to it if it were distributed by way of dividend (the “**persons entitled**”) and in the same proportions.
- 55.2** Capitalised sums must be applied:
- 55.2.1 on behalf of the persons entitled; and
- 55.2.2 in the same proportions as a dividend would have been distributed to them.
- 55.3** Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 55.4** A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 55.5** Subject to the Articles the Directors may:
- 55.5.1 apply capitalised sums in accordance with Articles 55.3 and 55.4 partly in one way and partly in another;
- 55.5.2 make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article 55 (including to disregard fractional entitlements or for the benefit of them to accrue to the Company ); and
- 55.5.3 authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this Article 55.

## **Part 5**

### **Decision-Making by Shareholders**

#### **Organisation of General Meetings**

#### **56 Attendance and speaking at general meetings**

- 56.1** A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 56.2** A person is able to exercise the right to vote at a general meeting when:
- 56.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and



56.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

56.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

56.4 In determining attendance at a general meeting, it is immaterial whether any two or more shareholders attending it are in the same place as each other.

56.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

## 57 Quorum for general meetings

No business, other than the appointment of the Chairman of the Meeting, is to be transacted at a general meeting unless a quorum is present at the time when the meeting proceeds to business and during the transaction of business. One person entitled to vote upon the business to be transacted, being a Member, the proxy of a Member or a duly authorised representative of a corporation which is a Member, shall be a quorum.

## 58 Chairing general meetings

58.1 If the Directors have appointed a Chairman, the Chairman shall chair general meetings if present and willing to do so.

58.2 If the Directors have not appointed a Chairman, or if the Chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

58.2.1 the Directors present; or

58.2.2 (if no Directors are present), the meeting,

must appoint a Director or shareholder to chair the meeting, and such appointment must be the first business of the meeting.

58.3 The person chairing a meeting in accordance with this Article 58 is referred to as the "**Chairman of the Meeting**".

## 59 Attendance and speaking by Directors and non-shareholders

59.1 Directors may attend and speak at general meetings, whether or not they are shareholders.

59.2 The Chairman of the Meeting may permit other persons who are not:

**59.2.1** shareholders of the Company; or

**59.2.2** otherwise entitled to exercise the rights of shareholders in relation to general meetings, to attend and speak at a general meeting.

## **60 Adjournment**

**60.1** If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chairman of the Meeting must adjourn it.

**60.2** The Chairman of the Meeting may adjourn a general meeting at which a quorum is present if:

**60.2.1** the meeting consents to an adjournment; or

**60.2.2** the Chairman of the Meeting considers that an adjournment is necessary to protect the safety of any person attending the meeting or to ensure that the business of the meeting is conducted in an orderly manner.

**60.3** The Chairman of the Meeting must adjourn a general meeting if directed to do so by the meeting.

**60.4** When adjourning a general meeting, the Chairman of the Meeting must specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors.

**60.5** If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):

**60.5.1** to the same persons to whom notice of the Company's general meetings is required to be given; and

**60.5.2** containing the same information which such notice is required to contain.

**60.6** No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## **Voting at General Meetings**

### **61 Voting: general**

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

## **62 Errors and disputes**

**62.1** No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

**62.2** Any such objection must be referred to the Chairman of the Meeting, whose decision is final.

## **63 Poll votes**

**63.1** A poll on a resolution may be demanded:

**63.1.1** in advance of the general meeting where it is to be put to the vote; or

**63.1.2** at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

**63.2** A poll may be demanded by:

**63.2.1** the Chairman of the Meeting;

**63.2.2** the Directors;

**63.2.3** two or more persons having the right to vote on the resolution; or

**63.2.4** a person or persons representing not less than 10% of the total voting rights of all the shareholders having the right to vote on the resolution.

**63.3** A demand for a poll may be withdrawn if:

**63.3.1** the poll has not yet been taken; and

**63.3.2** the Chairman of the Meeting consents to the withdrawal.

**63.4** Polls must be taken immediately and in such manner as the Chairman of the Meeting directs.

## **64 Content of proxy notices**

**64.1** Proxies may only validly be appointed by a notice in writing (a “**proxy notice**”) which:

**64.1.1** states the name and address of the shareholder appointing the proxy;

**64.1.2** identifies the person appointed to be that shareholder’s proxy and the general meeting in relation to which that person is appointed;

**64.1.3** is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and

64.1.4 is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.

64.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

64.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

## **65 Delivery of proxy notices**

65.1 Proxy notices in hard copy form must be received at such place and by such deadline specified in the notice convening the meeting. If no place is specified, then the proxy notice must be received at the registered office of the Company for the time being. If no deadline is specified, proxy notices must be received, before the start of the meeting or adjourned meeting or, if a poll is taken otherwise than at or on the same day as the meeting or adjourned meeting, at the time for the taking of the poll at which it is to be used.

65.2 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.

65.3 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

65.4 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

65.5 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

65.6 Any vote cast or poll demanded by a proxy shall not be invalidated by the previous death or insanity of the shareholder or by the revocation or termination of the appointment of the proxy or of the authority under which the appointment was made unless notice of such death, insanity, revocation or termination was received in writing at the place specified in the notice of meeting for the receipt of proxy notices (or, if no place is specified, the registered office for the time being) before the start of the meeting or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll.

## **66 Amendments to resolutions**

- 66.1** An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- 66.1.1** notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chairman of the Meeting may determine); and
  - 66.1.2** the proposed amendment does not, in the reasonable opinion of the Chairman of the Meeting, materially alter the scope of the resolution.
- 66.2** A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 66.2.1** the Chairman of the Meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
  - 66.2.2** the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 66.3** If the Chairman of the Meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chairman of the Meeting's error does not invalidate the vote on that resolution.

## **67 Written resolutions**

The shareholders may pass any resolution (other than a resolution to remove a Director or auditor before expiry of his/her term of office) as a written resolution in accordance with Chapter 2 of Part 13 of the Companies Act 2006.

## **Part 6 Administrative Arrangements**

## **68 Means of communication to be used**

- 68.1** Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 68.2** Any notice, document or information (including a share certificate) which is sent or supplied by the Company in hard copy form, or in electronic form but to be delivered other than by electronic means, which is:

- 68.2.1** sent by hand and properly addressed shall be deemed to have been received by the intended recipient on the day of delivery;
- 68.2.2** sent by pre-paid post and properly addressed shall be deemed to have been received by the intended recipient at the expiration of 24 hours (or, where first class mail is not employed, 48 hours) after the time it was posted,
- and in proving such receipt it shall be sufficient to show that such notice, document or information was properly addressed and, in the case of post, pre-paid and posted.
- 68.3** Any notice, document or information which is sent or supplied by the Company by electronic means shall be deemed to have been received by the intended recipient 24 hours after it was transmitted, and in proving such receipt it shall be sufficient to show that such notice, document or information was properly addressed.
- 68.4** The accidental failure to send, or the non-receipt by any person entitled to, any notice of or other document or information relating to any meeting or other proceeding shall not invalidate the relevant meeting or proceeding.
- 68.5** Subject to the Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.
- 68.6** A Director may agree with the Company that notices, documents or information sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than that provided in this Article 68.
- 68.7** Each Director shall provide the Secretary with an up to date electronic mail address from time to time.
- 69 Joint holders**
- 69.1** Except as otherwise specified in the Articles, anything which needs to be agreed or specified by the joint holders of a share shall for all purposes be taken to be agreed or specified by all the joint holders where it has been agreed or specified by the joint holder whose name stands first in the register of Members in respect of the share.
- 69.2** Except as otherwise specified in the Articles, any notice, document or information which is authorised or required to be sent or supplied to joint holders of a share may be sent or supplied to the joint holder whose name stands first in the register of Members in respect of the share, to the exclusion of the other joint holders.
- 69.3** The provisions of this Article 69 shall have effect in place of the provisions of Schedule 5 of the Companies Act 2006 regarding joint holders of shares.

## **70 Company seals**

The Company has no common seal.

## **71 Right to inspect accounts and other documents and records**

**71.1** Each Director shall have the power to examine any accounting record, book, record, document or other record of corporate transactions of the Company and to communicate with the managers of the Company. The Secretary shall facilitate, as applicable, the exercise of such power by any Director.

**71.2** Except as provided by law or authorised by the Directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a shareholder.

## **72 Provision for employees on cessation of business**

The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

## **73 Bank mandates**

The Directors may by majority decision or written resolution authorise such person or persons as they think fit to act as signatories to any bank account of the Company and may amend or remove such authorisation from time to time by resolution.

## **74 Authentication of documents**

**74.1** Any Director or the Secretary (if any) or any person appointed by the Directors for the purpose shall have power to authenticate:

**74.1.1** any document affecting the constitution of the Company;

**74.1.2** any resolution passed at a general meeting or at a meeting of the Directors or any committee; and

**74.1.3** any book, record, document or account relating to the business of the Company,  
and to certify copies or extracts as true copies or extracts.

**74.2** A document purporting to be a copy of any such resolution, or an extract from the minutes of any such meeting, which is certified shall be conclusive evidence in favour of all persons dealing

with the Company that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

## **Directors' Liabilities**

### **75 Indemnity**

**75.1** Subject to Article 75.2, a Relevant Officer shall be and hereby is indemnified out of the Company's assets against:

**75.1.1** any liability incurred by or attaching to that Relevant Officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an Associated Company other than:

- (i) any liability to the Company or any Associated Company; and
- (ii) any liability of the kind referred to in Section 234(3) of the Companies Act 2006;

**75.1.2** any other liability incurred by or attaching to him/her in the actual or purported execution and/or discharge of his/her duties and/or the exercise or purported exercise of his/her powers and/or otherwise in relation to or in connection with his/her duties, powers or office; and

**75.1.3** any liability incurred by or attaching to that Relevant Officer in connection with the activities of the Company or an Associated Company in its capacity as a trustee of an occupational pension scheme (as defined in Section 235(6) of the Companies Act 2006).

**75.2** This Article 75 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law or arising out of fraudulent conduct.

**75.3** Where a Relevant Officer is indemnified against any liability in accordance with this Article, such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him/her in relation thereto.

### **76 Insurance**

**76.1** The Directors shall have the power to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any relevant loss.

**76.2** In this Article 76, a "**relevant loss**" means any loss or liability which has been or may be incurred by a Relevant Officer in connection with that Director's or Secretary's duties or powers in relation to the Company, any Associated Company or any pension fund or employees' share scheme of the Company or Associated Company.



## **77 Defence expenditure**

**77.1** So far as may be permitted by the Companies Acts, the Company may:

**77.1.1** provide a Relevant Officer with funds to meet expenditure incurred or to be incurred by him/her in:

- (i) defending any criminal or civil proceedings in connection with any negligence, default, breach of duty or breach of trust by him/her in relation to the Company or an Associated Company; or
- (ii) in connection with any application for relief under the provisions mentioned in Section 205(5) of the Companies Act 2006; and

**77.1.2** do anything to enable any such Relevant Officer to avoid incurring such expenditure.

**77.2** The terms set out in Section 205(2) of the Companies Act 2006 shall apply to any provision of funds or other things done under Article 77.1.

**77.3** So far as may be permitted by the Companies Acts, the Company:

**77.3.1** shall provide a Relevant Officer with funds to meet expenditure incurred or to be incurred by him/her in defending himself/herself in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority in connection with any alleged negligence, default, breach of duty or breach of trust by him/her in relation to the Company or any Associated Company; and

**77.3.2** may do anything to enable any such Relevant Officer to avoid incurring such expenditure.

## **78 Winding up**

**78.1** If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Act 2006 or other applicable law, divide among the shareholders in specie the whole or any part of the assets of the Company. The liquidator may for that purpose value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders.

**78.2** The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he/she with the like sanction determines but no shareholder shall be compelled to accept any assets upon which there is liability.

Governance & Sustainability System Chapter II

# Purpose - Introduction

The following *Introduction to Chapter II – Purpose* was  
approved by the Company on 21 September 2023

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## GOVERNANCE AND SUSTAINABILITY SYSTEM

### INTRODUCTION TO CHAPTER TWO - PURPOSE

1. The Governance and the Sustainability System constitutes the Company's own internal regulatory system. It is autonomously established by the Company as its own set of rules defining the company's corporate identity as a going concern, its purpose and values, and its business strategies and objectives.
2. The Company's Governance and Sustainability System (and specifically and ultimately its *Articles of Association*) is the primary source of the internal rules of the Company and Companies of its group. These rules are based on and should be interpreted against the *Purpose and Values of the Iberdrola Group* which constitute the corporate philosophy of the Company, as set out in the *Terms of Reference of the Scottish Power Limited Board of Directors*.
3. The Company's commitment to the *Purpose and values of the Iberdrola Group* is its statement that it adheres, under its Governance and Sustainability System, to a purpose and values with various consequential and meaningful implications.

It is implicit, amongst other things, that whilst the Company's ultimate purpose is that of a commercial enterprise, the specific set of purpose and values that have been adopted by the Company is based on defined assumptions which is not based on short-term financial rewards, which is based on clearly set objectives, and which clearly identifies the Company's stakeholders and the communities in which the Company operates. The purpose and values, as founding principles, form the basis of the Company's entire set of internal rules which govern its organisation, i.e. the Governance and Sustainability System, including its set-up, implementation, application and interpretation.

4. The Company is committed, in line with the Iberdrola Group's stated purpose "*to continue working together each day to build a healthier, more accessible and more electric energy model*", alongside its values of '*Sustainable Energy*', '*Integrating Force*' and '*Driving Force*'.
5. The *Purpose and values of the Iberdrola group* guide the Company and the other companies of the Group towards comprehensive (economic, social, environmental and governance), responsible and sustainable corporate action that contributes to the achievement of the Sustainable Development Goals (**SDGs**) approved by the United Nations (**UN**), meet environmental, social and governance (**ESG**) requirements, and seeks to obtain profits and the satisfaction of equally comprehensive 'dividends' for their Stakeholders and for the communities in which they do business.
6. Without prejudice to the detailed policies in the remainder of the Company's Governance and Sustainability System, the *Code of Ethics* together with the policies included in this second chapter on Purpose are considered the immediate policy conclusions to be drawn from the *Purpose and values of the Iberdrola Group*.

The *Code of Ethics* governs the conduct of all members of the Company's Group and parties related or connected thereto, and it is based on the aforesaid *Purpose and values of the Iberdrola Group*, corporate ethics, and generally accepted ethical principles and standards, while at the same time fostering a culture based on ethics and on the commitment to sustainable development.

The other corporate policies contained in chapter two on Purpose are the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy*. These constitute the general framework, guidelines, instructions and general criteria against which all the other specialised (environmental, social, corporate governance, regulatory compliance and risk) policies are held. The *General Sustainable Development Policy* develops the Iberdrola Group's strategy regarding sustainable development around the aforementioned ESG criteria and objectives; It is the Iberdrola Group's statement as to how its business activities will be carried out in fulfilment of its stated purpose and to attain sustainable business value. The *Stakeholder Engagement Policy* establishes the general guidelines for engagement, subject to the provisions of the *Purpose and values of the Iberdrola Group*, with the Company's specific and general stakeholders.

7. The *Purpose and Values of the Iberdrola Group*, the *Code of Ethics*, the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy* as they are each identified and adopted into the Company's Governance and Sustainability constitute the Company's statement as to its identity and its comprehensive commitment to the public interest, generally accepted ethical principles action towards sustainable development and to creating value for its stakeholders and the community – **to deliver a better future, quicker for everyone.**

In Glasgow, on 21 September 2023

The Board of Directors

## Governance & Sustainability System Chapter II

# Purpose

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Chapter II of the Governance & Sustainability System consists of the following four documents relating to the Company's (and its Group's) purpose.

The *Purpose & Values of the Iberdrola Group* (dated 14 March 2023) were formally adopted by the Company on 21 June 2023.

The *Code of Ethics* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *General Sustainable Development Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Stakeholder Engagement Policy* (dated 20 December 2022) was formally adopted by the Company on 23 February 2023.

References in these documents to Iberdrola, its Group, etc. shall be accordingly construed *mutatis mutandis*.

## PURPOSE AND VALUES OF THE IBERDROLA GROUP

### I.- INTRODUCTION

The Board of Directors of Iberdrola, S.A. (the “**Company**”) hereby establishes the *Purpose and Values of the Iberdrola Group*, explaining the reach and scope thereof, as well as their role and anchoring in the *By-Laws* and in the rest of the Governance and Sustainability System, pursuant to Articles 7 and 32 of the *By-Laws*. Pursuant to the first of said articles, the *Purpose and Values of the Iberdrola Group* summarise “*its raison d’être, the ideological and axiological foundation of its business enterprise*”; and, pursuant to the second, the Board of Directors “*shall approve the Purpose and Values of the Iberdrola Group*”.

In doing so, the Board of Directors exercises its powers, but also assumes its high responsibility as the Company’s highest management decision-making body.

This formulation updates and completes the one carried out in February 2019. Like the previous formulation, it is based on the recognition and positive assessment of the Company’s historical background, a commercial company founded in 1901; of its current identity and reality, of its status as a large company in the energy industry and as an economic and social player and driver of undeniable importance for all of its Stakeholders and for the communities in which it does business; and of an entity that is a determined participant in defending human rights, in contributing to the achievement of the Sustainable Development Goals (“**SDGs**”) approved by the United Nations (UN), and in meeting Environmental, Social and Governance (ESG) requirements within its area of activity and in the context of the global society of our times, which faces major challenges and opportunities like the energy transition, digital transformation, climate change and its own sustainability.

### II. - THE PURPOSE OF THE IBERDROLA GROUP

The Board of Directors reaffirms that the purpose of the companies making up the Company’s group (the “**Group**”), and thus their *raison d’être*, is “*to continue building together each day a healthier, more accessible energy model, based on electricity*”. This purpose, focused on the well-being of people and on the preservation of the planet,

reflects the strategy that the Group's companies have been sustainably implementing for years and its commitment to continue fighting along with all its Stakeholders for:

- a. A real and global energy transition, based on decarbonisation and on the electrification of the energy sector, and generally of the economy as a whole, that contributes to the achievement of the SDGs, particularly with respect to the reaction against climate change, and the generation of new opportunities for environmental, social and economic development.
- b. An energy model that is more electric, one that abandons the use of fossil fuels and generalises renewable energy sources, the efficient storage of energy, smart grids and digitalisation.
- c. An energy model that is healthier for people, whose short-term health and well-being depend on the environmental quality of their environment.
- d. The drive towards more accessible conditions of well-being for all, and the creation of a society that favours inclusion, equality, equity and development.
- e. An energy model that is built in collaboration with all players involved and with society as a whole, based on best governance practices that contribute to its sustainability.

### III. - THE VALUES OF THE GROUP

Along with the purpose, the Company's Board of Directors also establishes the values of the Company and of the other companies of the Group. If the former summarises the Company's "*raison d'être*", the latter summarise its "*way of being*", which consists of the fact that, in order to achieve the purpose of the Group's companies, their entire strategy and actions must be inspired by and based on the following three "*values*":

- a. “*Sustainable energy*”: because the Company seeks to always be a model of inspiration, creating environmental, social and economic value in all of its surroundings, and with the future in mind.

The Company and the companies of the Group act responsibly toward people, communities and the environment, with a strong commitment to the sustainable development strategy defined by the Company’s Board of Directors, which seeks to maximise the social dividend generated by the activities and businesses of the Group’s companies, from which all of their Stakeholders benefit.

For this purpose, the professionals of the Group’s companies engage in their activities in accordance with the ethical principles set out in the *Code of Ethics*. They especially endeavour to ensure transparency, the safety of people, the creation of shared sustainable value for the Company and its surroundings, striving to identify and understand the expectations of all their Stakeholders and working to achieve the well-being of both present and future generations.

- b. “*Integrating force*”: because the Company has great strength and a deep sense of responsibility. This is why it works by combining talents, for a purpose that is to be achieved by all and for all.

The Company’s professionals form a diverse team prepared to achieve the success of the business enterprise. For these purposes, the Group’s companies seek for them to work without geographic, cultural or operational barriers, to share talent, knowledge and information, and to have a global, long-term vision.

To achieve such a team, the Group’s companies drive the development of their professionals and contribute to the training of future generations in order to boost their enthusiasm, empathy and initiative at work, and to favour solidarity and creativity, as well as their respect for human relations. The Group’s companies also encourage the maintenance of sincere and faithful dialogue between their workforce and their other Stakeholders.

- c. “*Driving force*”: because the Company makes small and large changes a reality while being efficient and self-demanding, always seeking continuous improvement.



It innovates and promotes large and small changes that make life easier for people.

It expects its professionals to adopt a non-conformist attitude, to constantly seek excellence and opportunities for improvement, to embrace change and new ideas, to learn from mistakes, to evolve with feedback on their actions and to anticipate the needs and expectations of Stakeholders. To achieve this goal, the Company favours simple, agile and efficient processes for organising work and exchanging information that take advantage of technological advances and that are subject to continuous innovation.

#### IV.- SCOPE AND DIMENSION OF THE PURPOSE AND VALUES

The *Purpose and Values of the Iberdrola Group* endow the Company and the other companies of the Group with an immanent and specific purpose, which, in short, is the construction of an electric, efficient, healthy and accessible energy model, fully in line with the SDGs and consistent with the highest ESG standards and requirements mentioned above, within the general framework of respect for and protection of human rights, the social market economy, sustainability and generally accepted ethical principles.

By making all of this its *raison d'être* and purpose, the Company stands as a business reality that transcends its nature as a pure and simple commercial enterprise without denying such nature.

In this regard, although obtaining financial benefits continues to be a primary objective for the Company and the other companies of the Group, because they are essential to making the achievement of their purpose possible, they are not the ultimate goal, nor do they exhaust the deeper and more inherent and intrinsic purpose thereof. Thus, the Company needs shareholders and investors who of course contribute capital and financial resources, but also, and above all, who share the fate of the Company and who participate in this great enterprise or endeavour that entails the achievement of such a far-reaching goal. Therefore, the corporate interest, which guides the lawful conduct of the corporate decision-making bodies, cannot be limited to the interest of the shareholders and partners who have contributed capital and financial resources, to merely a financial return on their contribution, but extends to the common interest of all of them in creating shared sustainable value in accordance with and based on the purpose and distinctive values of the Company as well as the commitments made by the Company and the other companies of the Group. This corporate interest, thus defined, is the one to which they allocate the financial capital they contribute or the investment they decide to make.

At the same time and consistently therewith, the Company recognises as equally necessary types of capital or factors for achieving its purpose other no less important ones, such as human capital, management capital, technological capital, natural or environmental capital, and institutional or economic and social governance capital, to which it has access and which it has or enjoys through relationships and procedures of various kinds and nature, and without the proper combination and coordination of which (a task corresponding to and assumed by the Board of Directors) its purpose could not be achieved.

The use of such different factors and means by the Company and its performance of a business function that integrates all of them for the sake of its purpose and values mean that all of its actions must be focused on the creation of sustainable business value, the achievement of an overall result and of an equally comprehensive profit, which makes it possible to adequately remunerate the contributors of financial capital with financial returns and dividends, but also all other participants and groups involved, through the “social dividend”, as set forth in the *By-Laws*. The financial and non-financial information that must be prepared, approved, validated and published in accordance with the legal and bylaw provisions in effect is focused on the determination of all of these variables.

The Company is aware that, given its size and significance, as well as the basic and essential nature of the energy it produces and distributes for the economy and society, its business activities and the scope and dimension of its purpose and values are not limited to its already very broad internal sphere, but extend to all of its suppliers, its customers and its other Stakeholders, and is equally aware that they also have a driving and multiplying effect on all of the economic, social and political groups and communities in which it has a presence and in which it does business.

The Company therefore recognises and reaffirms its desire to be an active player and to assume, in compliance with and in furtherance of its purpose and values, the leadership that corresponds to it in the creation of a balanced and advanced society; and to participate, resolutely and responsibly, for the same reason, in the collective effort to ensure its global and sustainable development and progress.

#### V.- PURPOSE AND VALUES AND THE GOVERNANCE AND SUSTAINABILITY SYSTEM

The Company reaffirms its determination to continue with the constant development and improvement of its regulatory system, which is not only one of corporate governance, but more broadly one of governance and sustainability, in order to channel and ensure through these unique and specific internal rules the full achievement of its purpose and of its values, in all their scope and size, as well as its business goals and objectives and the

creation of such sustainable business value, for all of its Stakeholders and for the communities and territories in which it operates.

As a result thereof, the Governance and Sustainability System aspires to be a coherent unit unto itself, in which the *Purpose and Values of the Iberdrola Group*, a synthesis of its corporate ideology and the axiological foundation of its business enterprise, inspire and underpin, as general principles, the preparation, application and interpretation of all of the rules, policies and procedures that guide and organise, direct and channel the conduct of the Company and of the other companies of the Group.

At the same time, given the full scope and dimension of its purpose and values, the Governance and Sustainability System is not conceived as a merely internal and isolated effort, but rather seeks to become integrated with and contribute to the better governance and sustainability of the entire global society of today in which the Company and the other companies of the Group are present and do business.

With the *Purpose and Values of the Iberdrola Group* and, in short, with the entire Governance and Sustainability System based thereon and guided thereby, the Company ultimately identifies itself to society as a whole and to its Stakeholders as an integral company properly made up of all of them and rooted in such society, that is, as an institutional endeavour that adds to its formal legitimacy the required material legitimacy provided thereto by corporate action and the plural (economic, social, environmental and governance) function that it undertakes and carries out, both internally and externally.

## VI.- ACCEPTANCE

The professionals of the Group's companies expressly accept the *Purpose and Values of the Iberdrola Group*. Professionals who hereafter join or become part of the Group's companies must also expressly accept the content hereof.

## CODE OF ETHICS

### Section A. Introduction

#### Article A.1. Purpose

1. IBERDROLA, S.A. (the “**Company**”) aspires for its conduct and that of the persons connected therewith to conform and adhere not only to applicable law and its Governance and Sustainability System but also to ethical principles and generally accepted sustainable development principles.
2. This *Code of Ethics* further develops and specifies the provisions of the *Purpose and Values of the Iberdrola Group* and is intended to serve as a guide for the conduct of the directors, professionals and suppliers of the Company and of the group of companies of which the Company is the controlling entity, within the meaning established by law (the “**Group**”, the “**Iberdrola Group**” or “**Iberdrola**”), in a global, complex and changing environment.
3. In addition, the *Code of Ethics* has been prepared taking into account the good governance recommendations generally recognised in international markets and the sustainable development principles accepted by the Company, constituting a basic reference for observance of such initiatives and practices by the companies of the Group. It also deals with the prevention obligations imposed within the area of criminal liability for legal entities.
4. The *Code of Ethics* sets forth the Company’s commitment to the principles of business ethics and transparency in all areas of activity and establishes a set of principles and guidelines for conduct designed to ensure ethical and responsible behaviour by the directors, professionals and suppliers of the Iberdrola Group’s companies.
5. The *Code of Ethics* forms a part of the Company’s Governance and Sustainability System, and is fully respectful of the principles of corporate organisation established therein.

#### Article A.2. Scope of Application

1. The principles and guidelines for conduct contained in the *Code of Ethics* apply to directors, including natural persons appointed by corporate directors to represent them in the performance of their duties, to professionals and suppliers of the companies of the Group, as well as investee companies that do not belong to Iberdrola over which the Company has effective control, within the limits established by law, regardless of their

rank, their geographical location or their functional subordination, or the Group company to which they provide their services or with which they have a contractual relationship.

2. By way exception to the preceding section, listed country subholding companies and the subsidiaries thereof, under their own special framework of strengthened autonomy, may establish their own code of ethics or conduct, which must be based on a purpose and certain values that are ultimately consistent with the *Purpose and Values of the Iberdrola Group* and governed by the principles set out in this *Code of Ethics*, in which case they shall be excluded from the scope hereof.
3. Furthermore, the companies within Iberdrola to which other codes of ethics or of conduct apply, whether industry-based or arising under the domestic law of those countries or territories in which they carry out their activities, shall also observe such other codes of ethics or of conduct. In any event, such codes of ethics or conduct shall embrace the *Purpose and Values of the Iberdrola Group* and shall be governed by the principles set forth in this *Code of Ethics*.
4. This *Code of Ethics* shall apply, to the extent relevant, to the directors, professionals and suppliers of joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company or another company of the Group assumes the management thereof.
5. Professionals acting as representatives of the Group's companies at companies and entities that do not belong thereto shall observe the *Code of Ethics* in the performance of such representation, to the extent that it is not inconsistent with the regulations of the company or entity at which they act as representatives of the companies of the Iberdrola Group. At those companies and entities in which the companies of the Group, while not having a majority stake, are responsible for management, the professionals representing the companies of the Iberdrola Group shall promote compliance with the provisions of the *Purpose and Values of the Iberdrola Group* and the rules of conduct established in this *Code of Ethics*.
6. Observance of the *Code of Ethics* is understood to be without prejudice to strict compliance with the Governance and Sustainability System, and especially the *Internal Regulations for Conduct in the Securities Markets* and the rules in implementation thereof, the corporate governance and regulatory compliance policies, and the current rules on separation of activities in each jurisdiction in which the Group's companies carry out regulated activities.

## **Section B. General Ethical and Stakeholder Engagement Principles of Iberdrola**

### **Article B.1. *Purpose and Values of the Iberdrola Group***

1. The Board of Directors of the Company has approved the *Purpose and Values of the Iberdrola Group*. Far from being a mere statement of principles, the content thereof guides the Company and the other companies of the Group towards comprehensive (economic, social, environmental and governance), responsible and sustainable corporate action that contributes to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), meets environmental, social and governance (ESG) requirements, and seeks to obtain profits and the satisfaction of equally comprehensive dividends for their Stakeholders and for the communities in which they do business.
2. The best assurance of the commitment of the Iberdrola Group's companies to the creation of sustainable value that meets the corporate interest and makes feasible and real the social dividend that they share with their Stakeholders is professional conduct in accordance with the principles contained in the *Purpose and Values of the Iberdrola Group*, which take form and are further developed in this *Code of Ethics* and in the other rules and policies of the Governance and Sustainability System.

### **Article B.2. Commitment to the Sustainable Development Goals (SDGs)**

The companies integrated within Iberdrola contribute to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN) through their business activities. In particular, through this *Code of Ethics*, the companies of the Group formalise their support for goal sixteen, which includes the fight against all forms of corruption.

### **Article B.3. Sustainable Development and Business Ethics**

1. The companies of the Iberdrola Group express their firm commitment to the principles of the *General Sustainable Development Policy* as a framework for their programmes and actions with the professionals, customers, suppliers, shareholders and the other Stakeholders with which they engage.

The sustainable development strategy established at the Group level is based on certain principles that ensure that the corporate activities and businesses are carried out by the companies making up Iberdrola while fostering the sustainable creation of value for the shareholders and taking into account the other Stakeholders related to their business activities and institutional reality, equitably compensating all groups that contribute to the success of their business enterprise, promoting the values of sustainability, integration

and dynamism, favouring contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN) and rejecting actions that contravene or hinder them.

Along these lines, the companies of the Iberdrola Group adopt a responsible business ethic allowing for harmonisation of the creation of value for their shareholders with sustainable development that revolves around three vectors, namely environmental, social and corporate governance aspects, in order to meet certain needs and expectations of their main Stakeholders.

2. The companies of the Group express their firm commitment to the principles of the *Compliance and Internal Reporting and Whistleblower Protection System Policy* and of the *Anti-Corruption and Anti-Fraud Policy*, and in particular to not adopting practices or conduct that might be considered improper or performing acts that are illegal or contrary to law or the Governance and Sustainability System in their relations with third parties (including customers, suppliers, competitors and authorities).

To such end, the professionals of the Iberdrola Group's companies shall receive appropriate training on applicable law in the countries or territories in which the companies of the Iberdrola Group operate.

3. The companies integrated within Iberdrola shall ensure compliance with applicable tax regulations and shall strive to achieve appropriate coordination of the tax policy followed by all of them, within the framework of furtherance of the corporate interest and of support for the long-term business strategy, avoiding tax risks and inefficiencies in the implementation of business decisions.

#### **Article B.4. Human Rights**

1. The companies of the Iberdrola Group hereby state their commitment and connection to the human rights recognised in domestic and international legislation, pursuant to the *Guiding Principles on Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, the principles underpinning the *United Nations Global Compact*, the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, the conventions of the International Labour Organization (including convention 169), the Sustainable Development Goals (SDGs) approved by the United Nations (UN), the Company's *Code of Ethics*, as well as such documents and texts as may replace or supplement those mentioned above.
2. Pursuant to the provisions of the *Policy on Respect for Human Rights*, the companies of the Group particularly affirm their total rejection of child labour, forced or compulsory

labour and any kind of modern slavery, endeavouring to ensure and promoting the elimination of these types of situations both among their suppliers and within the supply chains thereof, and undertake to respect freedom of association and collective bargaining, the right to freedom of movement within each country, non-discrimination based on any condition or characteristic, the rights of ethnic minorities and indigenous peoples in the places in which they do business, and to favour an open dialogue that integrates different cultural frameworks.

#### **Article B.5. Protection of the Environment, Climate Change and De-carbonisation of the Economy**

1. The activities of the Iberdrola Group's companies are based on respect for and protection of the environment, complying with or improving upon the standards established in such environmental laws and regulations as may apply, minimising the impact that their activities might have thereon and encouraging actions that contribute to the protection thereof, engaging in and sponsoring research and development projects that promote de-carbonisation of the economy.
2. The companies integrated within Iberdrola accept as guidelines for conduct the continued development of a real and global energy transition based on promoting the decarbonisation of the economy and the prevention of pollution by gradually reducing the intensity of greenhouse gas emissions, continuing the development of electric energy from renewable sources, and progressively introducing at their facilities more efficient technologies having a lower intensity of carbon dioxide emissions.
3. The companies of the Group work with regulatory bodies to develop and promote fair regulations that protect the environment and public policies and strategies that deal in a coordinated and consistent manner with the problems relating to climate change.

#### **Article B.6. Informational Transparency**

1. The companies of the Iberdrola Group shall provide true, proper, useful and reliable information regarding their performance and relevant conduct. The transparency of the information required to be disclosed is a basic principle that must govern the conduct of the directors, professionals and suppliers of the Group's companies.
2. The financial information of the companies integrated within Iberdrola, and particularly the annual financial statements, shall reflect in all material respects a true and fair view of their assets, financial position and results as provided by law. For such purposes, no director, professional or supplier shall conceal or distort the information set forth in the



accounting records and reports of the Group's companies, which shall be complete, accurate and truthful.

3. A lack of honesty in the communication of information, whether within the boundary of Iberdrola (to professionals, subsidiaries, departments, internal bodies, and management decision-making bodies, among others) or externally (to auditors, shareholders and investors, regulatory bodies, and the media, among others) 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.

#### **Article B.7. Shareholders and the Financial Community**

1. The companies of the Group express their intention to create value for their shareholders on a continuous and sustained basis, and shall make available to them permanent communication and enquiry channels to enable them to receive proper, useful and complete information regarding the development of the companies of the Iberdrola Group, within the framework of the *Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors* and the principle of equal treatment of shareholders under identical conditions.
2. Relations with investors and financial analysts shall be channelled through the Investor Relations Division (or such division as assumes the duties thereof at any time).

#### **Article B.8. Customers**

1. The companies of the Group commit to offering services and products with a quality equal to or exceeding legal requirements, promoting responsible consumption, competing in the marketplace and engaging in marketing and sales activities based on the merits of their products and services, in all cases applying standards of transparency, disclosure and protection.
2. The companies of the Iberdrola Group shall guarantee the confidentiality of all data of their customers and undertake not to disclose such data to third parties without the customer's consent, except when required by law or to comply with court or governmental orders.

The capture, use and processing of the personal data of customers shall be made in such a manner as to guarantee their right to privacy and comply with personal data protection laws as well as the rights given to customers by the laws on information society and electronic commerce services and other applicable legal provisions.

3. Contracts with customers of the Group's companies shall be drafted in a clear and simple manner. Transparency shall be promoted in pre-contractual and contractual relations with customers, and they shall be advised of the various existing alternatives, particularly as regards services, products and rates.
4. The companies of the Iberdrola Group shall raise awareness among their customers and cause them to participate in environmental and social commitments and principles.
5. Professionals of the Group's companies shall avoid any kind of interference or influence of customers or third parties that may alter their professional impartiality and objectivity and may not receive any kind of remuneration from customers or generally from third parties for services relating to the professional's activities within Iberdrola's boundary.

#### **Article B.9. Suppliers**

1. The procedures of the Group's companies for the selection of suppliers shall conform to an objective and impartial standard and shall avoid any conflict of interest or favouritism in the selection thereof.

Professionals of the Iberdrola Group's companies undertake to comply with established internal award procedures, including, in particular, those relating to the approval of suppliers.

2. The prices and other information submitted by suppliers during a process of selection shall be treated confidentially and shall not be disclosed to third parties without the consent of the interested parties or where required by law or to comply with court or governmental orders.

Professionals of the Group's companies who have access to personal data of suppliers must maintain the confidentiality thereof and comply with the provisions of the laws on the protection of personal data, to the extent applicable.

3. The information made available by professionals of the Group's companies to their suppliers shall be true and shall not be given with the intent to mislead.
4. The companies of the Iberdrola Group shall raise awareness among their suppliers and cause them to participate in environmental and social commitments, especially those relating to the circularity of their activities and the fight against child and forced or compulsory labour and any other kind of modern slavery.
5. Professionals of the companies comprising Iberdrola shall avoid any kind of interference or influence of suppliers or third parties that may alter their professional impartiality and

objectivity and may not receive any kind of remuneration from suppliers of the Group's companies or generally from third parties for services relating to the professional's activities within the boundary of Iberdrola.

6. The companies of the Group shall make available suitable means to collaborate with their suppliers in order to increase their competitiveness, establishing appropriate programmes in each case, promoting partnerships in line with Sustainable Development Goal (SDG) seventeen approved by the United Nations (UN).
7. The companies of the Iberdrola Group shall endeavour to ensure compliance with the provisions of this *Code of Ethics* by their suppliers and shall take action as a result of any violation.

#### **Article B.10. Competitors**

1. The companies of the Iberdrola Group undertake to promote free competition to the benefit of consumers and users and to comply with the legal provisions on competition.
2. The companies making up Iberdrola commit to competing freely and fairly in the marketplace.
3. The acquisition of information from third parties, including information regarding competitors, shall be made in a lawful manner.
4. The companies of the Iberdrola Group shall provide the assistance and cooperation that the competition authorities may require in the performance of their duties, and particularly for the investigation of any conduct that may constitute a violation of the legal provisions on competition.

#### **Article B.11. Media**

Relations with the media shall be channelled through the Communication Division (or such division as assumes the duties thereof at any time) and shall be governed by the principles of informational transparency and collaboration.

#### **Article B.12. Regulatory Bodies**

1. Relations with regulatory bodies and with public officials and other persons who participate in the performance of public duties shall be governed by the principles of lawfulness, transparency, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, without prejudice to the legitimate disputes that, observing the

aforementioned principles and in the defence of the corporate interest, may arise with such authorities in relation to the interpretation or application of legal provisions.

2. The companies integrated within Iberdrola shall respect and abide by all court and/or governmental decisions or resolutions that may be issued, but reserve the right to file such appeals as may be appropriate when they believe that they do not conform to the law and are contrary to their interests.

### **Article B.13. Social Conduct**

1. The companies of the Group contribute with their business activities and their sustainable development strategy to the progress of the communities in which they have a presence, both from the economic viewpoint and from the perspective of business ethics, to universal access to energy supply, to the promotion of equality and social justice, to the protection of vulnerable groups, to the encouragement of innovation and to the protection of the environment, to the generation of quality employment based on diversity, inclusion and a sense of belonging, as well as to leadership in the fight against climate change, and work to establish firm and permanent connections therewith.
2. The companies of the Iberdrola Group, either directly or through intermediaries, shall refrain from making contributions that are not in accord with the sustainable development strategy established at the Group level.
3. All social-welfare, cultural or any other kind of contributions made by the companies of the Group, regardless of the legal form thereof, whether a collaboration agreement or sponsorship, donation or any other legal form or transaction, and regardless of the area to which they are directed (such as the promotion of education, culture and sports, and the protection of the environment and vulnerable groups), must meet the following requirements: have a legitimate purpose, not be anonymous, be formalised in writing, and, if contributions of money, be made by any payment method that allows for identification of the recipient of the funds and provides evidence of the contribution. Cash contributions are prohibited.
4. Prior to making a contribution from among those referred to in the preceding section, the proposing corporate or business area must comply with the provisions of internal rules approved for such purpose.

In any event, the Iberdrola Group company making the contribution must document in the formalisation thereof that it is subject to the beneficiary continuing to meet the requirements and conditions upon which it was approved and to following the purposes for which it was provided.

5. The provisions of this article shall not apply to presents and gifts under the circumstances set forth in Article D.10.1.
6. The companies of the Group, either directly or through intermediaries, are strictly prohibited from directly or indirectly making contributions (regardless of the legal form thereof, such as donations, loans or advances) to Spanish political parties, including federations, coalitions and groups of electors.

### **Section C. Ethical Principles and Duties of Directors**

#### **Article C.1. Ethical Principles of Directors**

1. The ethical principles that must govern all conduct by directors of the companies of the Iberdrola Group (and by the individual representatives of corporate directors in the performance of their duties) are:
  - a) strict compliance with the law and with the Governance and Sustainability System, particularly including their duties regarding confidentiality, use of non-public information, non-competition, use of corporate assets, business opportunities, related-party transactions and other conflicts of interest;
  - b) commitment to and involvement with human rights;
  - c) protection of the environment;
  - d) non-discrimination based on any condition or characteristic and consideration of diversity and inclusion in all their variables;
  - e) reconciliation of family and work life;
  - f) workplace safety and health, which involves taking the actions required to provide safe and healthy conditions for the prevention of work-related injuries and health impairments that are suited to the purpose, size and context of each organisation and to the specific nature of the risks for professionals;
  - g) rigorous and objective selection and evaluation, as well as training, of the professionals of the companies integrated within Iberdrola; and
  - h) respect for the legitimate public or private interests that converge in the conduct of the business activities of the Group's companies, and particularly those of the various Stakeholders.

2. These ethical principles shall be interpreted and applied within the framework of the corporate interest, which is understood as the common interest of all shareholders of an independent company focused on the creation of sustainable value by engaging in the activities included in its corporate object, taking into account the other Stakeholders related to its business activity and its institutional reality, in accordance with the *Purpose and Values of the Iberdrola Group* and with the commitments made in this *Code of Ethics*.

## **Article C.2. Qualities of Directors**

1. Directors of the Iberdrola Group's companies must be respectable and capable persons with recognised expertise, competence, experience, qualifications, training, availability and commitment to their duties.
2. Directors of the Group's companies must also distinguish themselves by their professionalism and integrity, which must translate into transparent, diligent, responsible, efficient, professional, loyal, honest, good-faith and objective conduct, in line with the values of excellence, quality and innovation in furtherance of the corporate interest, the principles set out in this *Code of Ethics* and the corporate values provided for in the *Purpose and Values of the Iberdrola Group*.
3. Directors of the companies integrated within Iberdrola have the duty to cultivate the ongoing improvement of the above-mentioned qualities and capabilities.

## **Article C.3. Ethical Duties**

1. As an expression of the integrity required of directors of the Group's companies, they shall comply with the following ethical duties in the performance of their tasks (which shall also apply to the individual representatives appointed by corporate directors to hold the position):
  - a) Not give or accept gifts or presents in the performance of their duties. On an exceptional basis, they may accept or give gifts or presents if the following circumstances are all present: they are of insignificant or symbolic economic value, correspond to signs of courtesy or to customary business gifts and tokens, and are not forbidden by law, by the Governance and Sustainability System or by generally accepted business practices.
  - b) Not offer or grant, or solicit or accept, whether directly or through an intermediary, unjustified advantages or benefits that are directly or indirectly intended to obtain a benefit, whether present or future, for the companies of the Iberdrola Group, for themselves or for a third party. In particular, they may not give or receive any type of bribe or commission from, or made by, any other party involved, such as

government officials and other persons participating in the performance of public duties (whether Spanish or foreign) or personnel of other companies, political parties, authorities, customers, suppliers or shareholders. Acts of bribery, which are expressly prohibited, include the offer or promise, whether direct or indirect, of any kind of improper advantage, any instrument designed to conceal them, and influence-peddling.

- c) Not receive money from customers or suppliers on a personal level, even as a loan or advance. The foregoing does not apply to loans or credits granted by financial institutions that are customers or suppliers of the Group's companies and that are not involved in the activities listed in the preceding sections.
- d) Not give or accept any kind of hospitality that influences, might influence or might be construed as influencing decision-making.
- e) If there is any connection, membership or collaboration with or in government administrations, public organisations and entities, government-owned companies, political parties or other kinds of public-purpose entities, institutions or associations, it shall be ensured that the strictly personal nature thereof, unrelated to the Iberdrola Group's companies, is clearly shown.
- f) Make responsible use of the resources and means made available to them for the performance of their duties, using them solely for professional activities in the interest of the companies integrated within Iberdrola and not for personal purposes.
- g) Recognise and respect the Group companies' ownership of and right to use and operate the computer software and information technology systems, presentations, projects, equipment, manuals, videos, studies, reports and other works and rights created, developed, refined or used in performing their duties or based on the information technology systems of the companies of the Iberdrola Group.
- h) Respect the principle of confidentiality in respect of the characteristics of the rights, licences, software, systems and technological knowledge, in general, owned by the Group's companies or which they have the right to operate.
- i) Use the information technology equipment, systems and software that the Iberdrola Group's companies make available thereto to perform their duties, including the facility of access to and operating on the internet and the directors' website (or similar instrument), in accordance with the security and privacy protocols established by the Group's companies and pursuant to standards of security and efficiency, excluding any use, action or information technology function that is

unlawful or contrary to the regulations or instructions of the companies of the Iberdrola Group or that compromises the confidentiality of the information of the Group's companies. The use of private data transmission devices to access the systems and applications of the Iberdrola Group's companies must comply with the security and privacy protocols established by the companies integrated within Iberdrola.

- j) Not operate, reproduce, replicate or assign the information technology systems or applications of the Group's companies for purposes unrelated to the performance of their duties. Not install or use on the computer equipment provided by the software or applications of the Iberdrola Group's companies the use of which is unlawful or that might damage the systems or prejudice the image or the interests of the Group's companies, their customers or third parties.
- k) Avoid any action or decision in their business, professional or personal activities that might violate the law or the Governance and Sustainability System in connection with confidentiality, the use of non-public information, related-party transactions, significant transactions, business opportunities, use of corporate assets, other cases of conflict of interest, and relations with shareholders, professionals, customers, vendors and suppliers of the Group's companies, competitors and the media.
- l) Contribute to the Company's commitment to the continuous and sustained creation of value for its shareholders and to the long-term success of the Company within the framework of the Corporate Policies and the principle of equal treatment of shareholders in the same situation.
- m) Abide, in their relations with regulatory bodies, by the principles set out in Article B.12. Specifically, the transparency of information, particularly financial information, is a basic principle that must govern the directors' conduct.
- n) Channel their relations with the media and with investors and financial analysts through such divisions and services as are determined by the relevant management decision-making bodies, and if such bodies operate in the form of a board of directors, by the chair thereof.
- o) Adopt the principles of the *General Sustainable Development Policy* and responsible business ethics that allows for harmonisation of the creation of value for the shareholders with sustainable development, upon the terms set forth in Article B.3.



- p) Communicate through the internal reporting system provided for in the *Compliance and Internal Reporting and Whistleblower Protection System Policy* and established by the corresponding company of the Iberdrola Group any fact of which they are aware that might constitute potentially improper conduct or an act that is potentially illegal or contrary to law or to the Governance and Sustainability System (including, in particular, any conduct that could constitute a crime, a serious or very serious administrative offence, or a breach of European Union law), with an impact on the companies of the Group, on their contractual relationship with their suppliers, or on the interests and image of the companies comprising Iberdrola, without prejudice to the ability to address their grievances or reports to the Spanish Independent Whistleblower Protection Authority (*Autoridad Independiente de Protección del Informante*) (A.A.I.) or any other competent institution, body or entity.
  - q) Manage and ensure Group-level management, in all fields of endeavour, in accordance with the provisions of the *Purpose and Values of the Iberdrola Group* and this *Code of Ethics*.
2. Any exemption from compliance with this article shall require approval of the management decision-making body of the affected company of the Iberdrola Group after a report from the committee in charge of these matters, if any. In the case of companies without a collective management decision-making body, the shareholders acting at a general shareholders' meeting or the sole shareholder/member shall be responsible for approval.

## **Section D. Rules of Conduct of the Professionals of the Group's Companies**

### **Article D.1. Professionals of the Companies of the Iberdrola Group**

- 1. The members of the management team and of the workforce of the companies and entities to which this *Code of Ethics* applies pursuant to the provisions of Section A, as well as those other persons whose activities are expressly made subject hereto, are deemed to be professionals of the Group's companies.
- 2. Those professionals of the companies integrated within Iberdrola who manage or direct teams of people in the performance of their duties must also ensure that the professionals for which they are directly responsible know and comply with this *Code of Ethics* and lead by example, acting as benchmarks for conduct at the Group level.

## **Article D.2. Compliance with Law and with the Governance and Sustainability System**

1. Professionals shall strictly comply with the laws in force in the jurisdiction of their workplace, heeding both the spirit and the purpose of such legal provisions, and shall observe the provisions of this *Code of Ethics*, the other rules of the Governance and Sustainability System and the basic procedures governing activities at the Group level and of the company at which they provide their services. The obligations and commitments assumed by the Iberdrola Group's companies in their relations with third parties, as well as the customs and good practices of the countries or territories in which they do business shall also be fully observed.
2. Professionals must communicate through the internal reporting systems provided for in the *Compliance and Internal Reporting and Whistleblower Protection System Policy* and established by the corresponding company of the Iberdrola Group any fact of which they are aware that might constitute potentially improper conduct or an act that is potentially illegal or contrary to law or to the Governance and Sustainability System (including, in particular, any conduct that could constitute a crime, a serious or very serious administrative offence, or a breach of European Union law), with an impact on the companies of the Group, on their contractual relationship with their suppliers, or on the interests and image of the companies comprising Iberdrola, without prejudice to the ability to address their grievances or reports to the Spanish Independent Whistleblower Protection Authority (*Autoridad Independiente de Protección del Informante*) (A.A.I.) or any other competent institution, body or entity.
3. The members of the management teams of the Group's companies shall have particular knowledge of the laws and regulations, including internal ones and legal provisions on the separation of activities, affecting their respective areas of activity, and must ensure that the professionals reporting to them receive the required information and training to enable such professionals to understand and fulfil the legal and regulatory obligations, including internal ones, applicable to their position.

## **Article D.3. Irreproachable Professional Conduct**

1. The standards that govern the conduct of the professionals shall be professionalism, integrity and self-control in their actions and decisions:
  - a) Professionalism is acting diligently, responsibly and efficiently, focusing on excellence, quality and innovation.

- b) Integrity is acting loyally, honestly, in good faith, objectively and in line with the interests of the Group's companies and with their principles and values as expressed in the *Purpose and Values of the Iberdrola Group* and in this *Code of Ethics*.
  - c) Self-control in actions and in decision-making means that any action performed rests upon four basic premises: (i) that it is ethically acceptable; (ii) that it is legally valid and complies with the provisions of applicable law and internal rules, including the Governance and Sustainability System, and particularly this *Code of Ethics*; (iii) that it is performed within the framework of the corporate interest of the Company and that of the other companies of the Group; and (iv) that the professional is prepared to assume responsibility therefor.
2. Professionals have an obligation to report to the compliance unit of the corresponding Group company (which in turn shall inform the Company's Compliance Unit if it has not already been provided the information and it is appropriate following established internal procedures) regarding the commencement, evolution and result of any court, criminal, administrative or any other proceeding for the imposition of penalties brought against the professional or in which the professional is a defendant, under investigation or accused and which may affect the professional in the performance of the duties thereof as a professional of a Group company or prejudice the image, reputation or interests at the level of the Iberdrola Group.

In such an event, the competent compliance units of the Group's companies shall act in accordance with the protocol approved for such purpose.

#### **Article D.4. Right to Privacy**

1. The companies of the Iberdrola Group respect the right to privacy of their professionals in all its forms, and particularly as regards the processing of their personal data.
2. The companies integrated within Iberdrola respect the personal communications of their professionals made through the internet and other means of communication.
3. Professionals undertake to responsibly use the means of communication, information technology systems and, in general, any other means made available to them by the companies of Iberdrola in accordance with the policies and standards established for such purpose. Such means are not provided for non-professional personal use, and are thus not appropriate for private communication. Therefore, they do not give rise to an expectation of privacy and may be supervised by the Iberdrola Group's companies in the proportionate exercise of their duties of control.

4. The companies of the Group undertake not to disclose personal data of their professionals, except with the consent of the interested parties and where legally obliged to make such disclosure by law or to comply with court or administrative orders. Under no circumstances may personal data of the professionals be processed for purposes other than those provided for by law or by contract.
5. Professionals that have access to the personal data of other professionals of the Group's companies in the course of their activities shall undertake in writing to respect the confidentiality of such data.
6. The compliance units and the corresponding divisions and other relevant bodies of the Group's companies shall comply with the requirements established in personal data protection legislation regarding communications sent thereto by the professionals in accordance with the provisions of this *Code of Ethics*.

#### **Article D.5. Workplace Health and Safety**

1. The companies of the Iberdrola Group shall promote a workplace health and safety programme and adopt the preventive measures required under current legislation and any other measures that may be established in the future.
2. Professionals shall observe with particular attention the regulations relating to workplace health and safety, in order to prevent and minimise occupational risks.

#### **Article D.6. Selection, Hiring and Assessment**

1. The companies integrated within Iberdrola shall maintain the most rigorous and objective selection and hiring programme, ensuring that selection is carried out exclusively on the basis of merit and capability, including candidates meeting the knowledge, aptitudes, abilities and skills profile required for the various positions and guaranteeing equal treatment throughout the process.
2. The companies of the Group shall endeavour to ensure that the selection and hiring processes are objective and impartial and that the hiring of the most qualified candidates is prioritised, avoiding any interference in the selection processes.
3. The companies of the Iberdrola Group shall assess their professionals rigorously and objectively on the basis of their individual and collective professional performance, for which purpose the process shall avoid direct participation by professionals who are family members or who have a similar personal connection with the professionals involved.

4. Professionals shall participate in any setting of their objectives and shall be informed of the assessments made of them.

#### **Article D.7. Equality and Reconciliation**

1. The companies of the Iberdrola Group shall refrain from establishing discriminatory differences in salary.
2. The companies of the Group respect the personal life of their professionals and shall promote reconciliation programmes that facilitate the achievement of an optimal balance between the latter and their work responsibilities.
3. The use of discriminatory language in any kind of internal or external corporate communication is prohibited, and the use of inclusive language shall be promoted.

#### **Article D.8. Training**

1. The companies of the Iberdrola Group shall promote the training of their professionals. Training programmes shall foster the training of professionals, equal opportunity and professional career development and shall contribute to the achievement of objectives at the Group level.
2. Professionals undertake to update their technical and managerial knowledge continuously and to take advantage of the training programmes established at the Iberdrola Group level.

#### **Article D.9. Information**

The companies of the Group shall inform their professionals of the outlines of their strategic objectives and regarding progress at the level of the Iberdrola Group.

#### **Article D.10. Gifts and Presents**

1. Professionals may not give or accept gifts or presents in the performance of their professional activities. As an exception, the delivery and acceptance of gifts or presents shall be allowed if all of the following simultaneously occur:
  - a) they are of insignificant or symbolic financial value;
  - b) they correspond to signs of courtesy or to customary business gifts and tokens; and
  - c) they are not forbidden by law, the Governance and Sustainability System or generally accepted business practices.

2. Professionals may not offer or grant, or solicit or accept, whether directly or through an intermediary, unjustified advantages or benefits that are directly or indirectly intended to obtain a benefit, whether present or future, for the companies of the Iberdrola Group, for themselves or for a third party. In particular, they may not give or receive any type of bribe or commission from, or made by, any other party involved, such as government officials and other persons participating in the performance of public duties (whether Spanish or foreign) or personnel of other companies, political parties, authorities, customers, suppliers or shareholders. Acts of bribery, which are expressly prohibited, include the offer or promise, whether direct or indirect, of any kind of improper advantage, any instrument designed to conceal them, and influence-peddling.

Nor may they personally receive money from customers or suppliers on a personal level, even as a loan or advance, the foregoing being independent of loans or credits given to professionals of the Iberdrola Group's companies by financial institutions that are customers or suppliers of the Group's companies and that are not involved in the activities set forth above.

3. Professionals may not give or accept any kind of hospitality that influences, might influence or might be construed as influencing decision-making.
4. In the event of any doubt as to what is acceptable, the offer must be turned down or, if appropriate, first discussed with the compliance unit of the corresponding company of the Group, as applicable.

#### **Article D.11. Conflicts of Interest**

1. A conflict of interest shall be deemed to exist in those circumstances in which there is a direct or indirect conflict between the personal interest of the professional and the interest of any of the companies of the Iberdrola Group. A personal interest of the professional shall exist when the matter affects the professional or a person connected thereto.
2. The following shall be deemed to be persons connected to the professional ("**Connected Persons**"):
  - a) The spouse of the professional or the person with whom the professional has a like relationship of affection.
  - b) The ascendants, descendants and siblings of the professional or of the professional's spouse (or person with a like relationship of affection).
  - c) The spouses of the ascendants, descendants and siblings of the professional.

- d) The companies or entities in which the professional, or another person connected thereto, directly or through a nominee, falls within any of the control situations established under the law.
  - e) The companies or entities in which the professional, or any of the persons connected thereto, directly or through a nominee, holds an administrative or management position or a position for which the professional receives remuneration for any reason, provided that the professional also directly or indirectly exercises a significant influence on the financial and operational decisions of such companies or entities.
3. By way of example, the following are circumstances that might give rise to a conflict of interest:
- a) Being involved, personally or through relatives (or by a like relationship of affection), in any financial transaction or operation to which any of the companies within Iberdrola is party.
  - b) Negotiating or formalising contracts on behalf of any of the companies of the Group with Connected Persons.
  - c) Being a significant shareholder, director or member of the management team or holding a position of responsibility or exercising a similar influence at entities that are customers, suppliers or direct or indirect competitors of any of the companies of the Iberdrola Group.
4. Professional decisions must be based on the best defence of Group-level interests and must not be influenced by personal or family relationships (or by a like relationship of affection) or by any other personal interests.
5. Professionals shall observe the following general guidelines for conduct in connection with potential conflicts of interest:
- a) Communication: professionals are required to report the conflicts of interest in which they are involved as soon as possible prior to entering into any transaction or to the conclusion of the business in question. For this purpose, they shall send a communication in writing to an immediate superior, to the division responsible for the human resources function and to the compliance unit of the Group company to which they belong. Said compliance unit shall evaluate the situation in coordination with the division responsible for the human resources function and shall make the appropriate decisions, advising on the appropriate actions in each particular circumstance, when necessary. Professionals affected by the conflict who belong to

the division responsible for the human resources function or to the relevant compliance division must refrain from participating in the resolution thereof.

In said communication, professionals must specify:

- whether the conflict of interest affects them personally or through a Connected Person, in which case they shall provide the name of such person;
- the circumstances that led to the conflict of interest, describing, if appropriate, the subject matter and the principal terms of the planned transaction or decision, in any case including the amount thereof or the approximate financial valuation; and
- the department or person of the Group company with whom the respective contacts were made.

Any question as to whether a professional might be involved in a conflict of interest must be communicated as provided above, and no action may be taken until it is resolved.

- b) Independence: At all times act with professionalism, loyalty to the Iberdrola Group's companies and their shareholders, and independently of their own interests or those of third parties. They shall therefore in no case let their own interests prevail over the interests of the Group's companies.
- c) Abstention: Refrain from participating in or influencing the making of decisions that might affect the entities of the Iberdrola Group with which there is a conflict of interest, from participating in deliberations on the adoption of such decisions and from accessing information related to such conflict.

The general guidelines for action described above shall be especially observed in those instances in which the conflict of interest is, or may reasonably be expected to be, of such a nature as to constitute a structural and permanent conflict of interest between the professional, or a Connected Person, and any of the companies of the Group.

6. In order to determine the existence of any possible disqualifications, prior to accepting any government position the professional must report thereon in writing to the division responsible for the human resources function of the Iberdrola Group company to which the professional belongs. This division shall in turn inform the compliance unit of the corresponding company of the Group, as applicable.



#### **Article D.12. Business Opportunities**

1. Business opportunities shall be deemed to be all investments or transactions relating to the property or assets of the Group's companies of which professionals become aware in the course of their professional activity, in those cases in which the investment or transaction has been offered to a company of the Iberdrola Group or such company has an interest therein.
2. Professionals may not take advantage of business opportunities for their own benefit or for the benefit of a Connected Person unless previously offered to a company of the Group and:
  - a) the Iberdrola Group company has chosen not to take advantage of it without any influence of the professional; and
  - b) the division responsible for the human resources function of the Group company in question expressly authorises the professional to take advantage of the business opportunity.
3. Professionals may not use the name of the companies of the Iberdrola Group or invoke their status as professionals thereof to engage in transactions for their own account or for the account of Connected Persons.

#### **Article D.13. Resources and Means for the Performance of Professional Activities**

1. The companies of the Group undertake to make available to their professionals all necessary and appropriate resources and means for them to perform their professional activities.
2. Without prejudice to mandatory compliance with the specific rules and procedures of the Iberdrola Group's companies regarding resources and means, professionals agree to responsibly use the resources and means made available thereto, using them solely for professional activities in the interest of the Iberdrola Group's companies and not for private or personal purposes. Professionals shall avoid any practices, particularly unnecessary activities and expenses, that reduce the creation of value for the shareholders.
3. The companies of the Iberdrola Group own and hold the right to use and operate the computer software and information technology systems, presentations, equipment, manuals, videos, projects, studies, reports and other works and rights created, developed, refined or used by their professionals within the framework of their work or based on the information technology systems of the Group's companies.

4. Professionals shall respect the principle of confidentiality in respect of the characteristics of the rights, licences, software, systems and technological knowledge, in general, owned by the Group's companies or which they have the right to operate. The disclosure of any information relating to such characteristics shall require the prior authorisation of the division responsible for the human resources function of the Iberdrola Group company in question.
5. The use of the information technology equipment, systems, and software made available by the Group's companies to the professionals for the performance of their work, including the facility of access to and operating on the internet, must conform to the security and privacy protocols established by the Iberdrola Group's companies and to standards of security and efficiency, excluding any use, action or information technology function that is unlawful or contrary to the regulations or instructions of the Group's companies or that compromises the confidentiality of information of the Iberdrola Group's companies.
6. Professionals shall not operate, reproduce, replicate or assign the information technology systems or applications of the Group's companies for purposes unrelated to their work activities. In addition, professionals shall not install or use on the computer equipment provided by the companies of the Iberdrola Group software or applications that are unlawful to use or that might damage the systems or prejudice the image or the interests of the Group's companies, customers or third parties.

#### **Article D.14. Protection of Information**

1. Non-public information owned by the Iberdrola Group's companies shall generally be deemed to be information for "**internal use**" unless it has been classified as "confidential" or "secret" based on the provisions of sections 2 and 3 below, and may in turn be considered a trade secret upon the terms set forth in section 4 of this article.
2. Information whose disclosure is not authorised, particularly outside of or within the boundary of Iberdrola, and which might cause harm, whether economic, reputational or otherwise, or violate applicable legal provisions, giving rise to penalties or claims against the companies of the Iberdrola Group, shall be classified as "**confidential**".
3. Information whose content is highly sensitive or valuable and the disclosure of which both within and outside of the boundary of Iberdrola or the unauthorised disclosure of which might cause serious harm, whether economic (such as financial losses, losses in market share or losses in competitive position), reputational or otherwise, might significantly affect the confidence of customers, or violate applicable legal provisions,

giving rise to penalties or claims against the companies of the Iberdrola Group shall be classified as “**secret**”.

4. Any information or knowledge (including technological, scientific, industrial, commercial, organisational or financial information or knowledge) generated within the companies of the Group and regardless of its classification as information for internal use, confidential or secret, which: (i) as a whole or in the precise configuration and assembly of its components, is not generally known by or readily accessible to persons belonging to the circles in which such type of information or knowledge is normally used, (ii) has a business value, whether actual or potential, within the boundary of the Group, and (iii) has been subject to reasonable measures by the companies that make up Iberdrola to keep it secret, shall be considered a trade secret and shall enjoy the protection provided by applicable legal provisions.
5. Without prejudice to the classification thereof, non-public information shall be subject to professional secrecy and may not be provided by the professionals of the Group’s companies to third parties other than in the normal course of their work, profession or duties, provided that those to whom the information is disclosed are subject to an information exchange agreement (in the case of information classified as internal use) or a confidentiality agreement (in the case of information classified as confidential). Information classified as secret shall only be accessible to a number of specifically designated and authorised users.

Third parties accessing non-public information shall confirm that they have the means required to protect it.

6. The companies of the Group and their professionals must take sufficient security measures and apply the procedures established for these purposes to protect non-public information recorded on physical or electronic media from any internal or external risk of unauthorised access, tampering or destruction, whether intentional or accidental.
7. The disclosure of internal use, confidential or secret information or the use thereof for personal purposes is a breach of this *Code of Ethics*.
8. Any reasonable indication of a leak of confidential or secret information must be reported by those with knowledge thereof to their immediate superior and to the divisions responsible for the security and human resources functions of the relevant company of the Group. The division responsible for the security function must in turn give written notice to the compliance unit of the corresponding company of the Group.

9. In the event of severance of the professional relationship, non-public information owned by the Group's companies, including documents and storage media or devices, as well as the information stored in any corporate or personal electronic device, shall be returned by the professional to the relevant company of the Group, and the professional's duty of confidentiality shall continue in all cases.

#### **Article D.15. Inside Information**

1. Professionals have the duty to know and comply with the *Internal Regulations for Conduct in the Securities Markets*, to the extent applicable thereto.
2. Professionals having access to any inside information of the Group's companies, as this term is defined in the *Internal Regulations for Conduct in the Securities Markets*, shall adhere to the obligations, limitations and prohibitions set forth in said regulations, and shall in particular refrain from:
  - a) Preparing or carrying out any kind of transaction in the shares or other negotiable securities of the Group's companies to which such information refers, including the direct or indirect acquisition, transfer or assignment for themselves or third parties of shares or negotiable securities of the companies of the Iberdrola Group to which such information refers, or using this kind of information, whether for their own account or that of third parties, to cancel or change an order relating to said shares or securities given prior to becoming aware of the inside information. They must also refrain from even attempting to engage in such transactions.
  - b) Communicating inside information to third parties, except in the instances expressly allowed by the *Internal Regulations for Conduct in the Securities Markets*.
  - c) Recommending or inducing a third party to engage in any of the transactions referred to in letter a) above or cause another to engage in said transactions based on inside information.
3. The prohibitions established in the previous section apply to any professional having inside information if such professional knows or should have known that it is inside information. They shall also apply to any information regarding other issuers of listed securities that may be deemed to be inside information and to which the professional had access in the ordinary course of such professional's work, profession or duties within the Group's companies.

#### **Article D.16. Publicly Broadcast Events**

Professionals should be especially cautious in any presentation, participation in professional conferences or seminars, or in any other event that may be publicly broadcast and in which they will participate as professionals of the companies of the Iberdrola Group, and shall seek to ensure that their message is aligned with that of the Group's companies, reporting sufficiently in advance to the relevant communication division (or such division as assumes the duties thereof at any time) and obtaining prior authorisation from their immediate superior.

#### **Article D.17. Outside Activities**

1. Professionals shall devote to the Iberdrola Group's companies all the professional capacity and personal effort needed to perform their duties within the relevant companies of the Group.
2. The provision of services as employees or professionals, for their own account or for the account of another, to companies or to entities other than companies of the Iberdrola Group, as well as a professional engaging in or participating as an instructor in academic activities when they are related to the activities of the Group's companies or to the duties performed by the professionals therein, must be authorised in advance and in writing by the division responsible for the human resources function of the Group company in question. Notwithstanding the foregoing, in cases of sporadic or occasional participation of professionals in academic or similar activities, if related to the activities of Iberdrola Group companies or to the duties performed by the professionals therein, the prior approval of the head of the corresponding department shall be sufficient.

The prior approval of the division responsible for the human resources function shall also be required in the following cases:

- a) Active participation on or appointment of the professional to the management boards of professional or industry organisations or associations in representation of the Group's companies.
  - b) Any other type of outside activity that could affect the due dedication of the professional to the duties thereof or that might entail a potential conflict of interest.
3. The companies of the Iberdrola Group respect the performance of social and public activities by their professionals, provided that they do not interfere with their work at the Group's companies or affect the reputation thereof.
  4. The connection, membership or collaboration by professionals with or in political parties or other kinds of public-purpose entities, institutions or associations shall be such that the

personal nature thereof is clear, thereby avoiding any connection with the companies integrated within Iberdrola.

5. The creation of or membership, participation or collaboration on social media, forums or internet blogs by professionals and the opinions or statements they make therein shall be made in a manner that clearly shows the personal nature thereof. Professionals must in any event refrain from using the image, name or brands of the Group's companies to open accounts or register themselves on such forums or media.

#### **Article D.18. Separation of Activities**

1. The Group, made up of both companies that carry out Regulated Activities and companies that carry out Liberalised Activities, as these terms are defined in the next section, undertakes to observe the industry regulations regarding the separation of both types of activities in force in each of the countries or territories in which it has a presence.
2. Generally, for purposes of this *Code of Ethics*, those activities relating to distribution and transmission in the electricity industry and those of regasification, basic storage, transportation and distribution in the hydrocarbon industry are deemed to be “**Regulated Activities**”. Production and supply activities carried out under a free competition system in both the electricity and the gas industries, as well as the provision of energy recharging services, are deemed to be “**Liberalised Activities**”. For these purposes, the companies of the Iberdrola Group carrying on these activities shall be known as “**Regulated Companies**” and “**Liberalised Companies**”, respectively.

However, given the differences in the regulation of the energy industries in the various countries or territories in which the Group's companies operate, the specific definition of Regulated Activities and Liberalised Activities and, thus, of Regulated Companies and Liberalised Companies, shall conform to the laws and regulations in force in each country or territory at any time.

3. It is the responsibility of the Iberdrola Group's companies to keep Regulated Activities and Liberalised Activities duly separate within the boundary of Iberdrola in accordance with the regulations for the separation of activities applicable in each case.
4. Generally and without prejudice to the provisions of the laws and regulations applicable in each country or territory, the rules for the separation of activities are deemed to require that the companies of the Group and their professionals:
  - a) Ensure independence in the day-to-day management of Regulated Companies and that of those responsible for the management thereof, avoiding the participation by Liberalised Companies in the day-to-day management thereof, without prejudice to

the Group-level powers of economic oversight and management over such companies.

To such end, the companies of the Iberdrola Group shall ensure that Regulated Companies have the human capital and the material and financial resources that are adequate and necessary to carry on their day-to-day activities.

- b) Guarantee the independence and protection of the occupational interests of the persons responsible for the management of Regulated Companies and of all those professionals who deserve special protection by virtue of their duties under applicable law.
- c) Take appropriate measures to ensure the protection of sensitive sales information of Regulated Companies that might give a competitive advantage if known by Liberalised Companies.

In this regard, Regulated Companies may not share sensitive sales information with Liberalised Companies, except where permitted by applicable laws and regulations or disclosed to third parties, in which case such information shall be shared under non-discriminatory conditions.

- d) Ensure that all activities of Regulated Companies are carried out following objective and non-discriminatory standards, avoiding any preferential treatment of Liberalised Companies or their customers.
- e) Keep the books of Regulated Companies and of Liberalised Companies duly separated, as provided by applicable laws and regulations in each country or territory.

In addition, the companies of the Group shall ensure that financial transactions relating to, among other things, the transfer of resources, assets, rights and/or contracts, if any, made between Regulated Companies and the other companies of the Iberdrola Group, as well as the provision and receipt of services common to them, observe the specific regulations established in each jurisdiction regarding the conditions to which such transactions must be subject.

5. The companies of the Group shall, in accordance with the laws and regulations in force in each country or territory in which they carry on Regulated Activities, adopt codes or similar internal rule-making instruments that ensure compliance with the rules for the separation of activities by their professionals.

The companies integrated within Iberdrola guarantee that said codes or rule-making instruments shall be communicated to and disseminated among the professionals and the members of the management team of the Group's companies in the respective jurisdictions in which they apply.

In addition, any codes and rule-making instruments that are adopted shall be disseminated externally, in particular, through the websites of the companies of the Iberdrola Group.

## **Section E. Ethical Commitments of the Suppliers of the Group's Companies**

### **Article E.1. Suppliers of the Companies of the Iberdrola Group**

1. This section contains the ethical principles that must govern the conduct of the suppliers of the companies of the Group, which must be expressly accepted by them prior to commencing their contractual relationship with such companies.
2. The provisions of this *Code of Ethics* are understood to be without prejudice to such additional conditions or requirements as may be imposed by applicable law, by the practices and rules of the various jurisdictions in which the Iberdrola Group's companies operate and by the respective contract with each supplier, which shall apply in all cases.

### **Article E.2. Compliance Commitments of Suppliers**

1. Suppliers shall engage in their commercial relationships in conformity with principles of business ethics, efficient management, transparency and honesty.
2. Suppliers must comply with the compliance policies of the Group's companies, whether general or special, which include crime prevention, the reaction against corruption and fraud, and with the strictest rules of ethical and moral conduct and international treaties and laws applicable to these matters, ensuring the establishment of adequate procedures required for such purpose.
3. Suppliers undertake to promote free and fair competition in the markets in which they participate and to comply with the legal provisions on competition, actively cooperating with the authorities entrusted with the supervision of said markets.
4. Suppliers shall not directly or indirectly promise, offer or pay any bribe to facilitate transactions or other improper payments to any third party or to any professional of the companies of the Iberdrola Group in relation to their contracts therewith.
5. Suppliers shall not directly or indirectly promise, offer or pay any money or valuable property in a corrupt manner in order to (i) influence an act or decision of a third party or



a professional of the Group's companies; (ii) obtain an undue or improper advantage for the companies of the Iberdrola Group; or (iii) induce a third party or a professional of the Group's companies to exercise influence over the act or decision of a public official or other persons participating in the performance of public duties.

6. Suppliers shall not try to obtain information owned by the Group's companies that is not public, particularly including information not available to other bidders, in relation to their contracts therewith.
7. Suppliers shall not promise, offer or deliver gifts or objects of value, of any kind, to persons or entities that are public officials or that participate in the performance of public duties for the purpose of or in relation to the formalisation of their contracts with the companies of the Group.
8. Suppliers may only promise, offer or give reasonable gifts or items of insignificant or symbolic value, including entertainment or meal expenses, for the purpose of or in relation to the formalisation of the contract, to persons or entities that are not public officials or do not participate in the performance of public duties and in accordance with anti-corruption laws and the integrity and ethics policies of the Governance and Sustainability System. In any case, reasonable gifts or objects or items of insignificant or symbolic financial value must have a legitimate business purpose.
9. Suppliers and the entities that they hire in turn to provide services or supplies to the companies of the Iberdrola Group (the "**Subcontractors**"), to their respective professionals, and to the companies that have participated in tenders for services or supplies in order to be suppliers, must communicate through the internal reporting system provided for in the *Compliance and Internal Reporting and Whistleblower Protection System Policy* and established by the corresponding company of the Iberdrola Group: (i) any conduct by a director or professional of the companies making up Iberdrola that might constitute potentially improper conduct or an act that is potentially illegal or contrary to law or to the Governance and Sustainability System (including, in particular, any conduct that could constitute a crime, a serious or very serious administrative offence, or a breach of European Union law), with an impact on the companies of the Group or the interests and image of the companies comprising Iberdrola; or (ii) the potential commission by a supplier, by one of its Subcontractors or by their respective professionals of an act or conduct from among those mentioned above within the framework of their commercial relationship with the companies of the Group or with an impact on the interests and image of the companies comprising Iberdrola. All of the foregoing is without prejudice to their right to address their grievances or reports to the Spanish Independent Whistleblower Protection Authority (*Autoridad Independiente de Protección del Informante*) (A.A.I.) or to any other competent institution, body or entity.

10. Suppliers, Subcontractors, their respective professionals and companies that have participated in a tender for services or supplies in order to be suppliers of the companies of the Iberdrola Group must report as promptly as possible any of the conduct or acts set forth in the preceding subsection of which they become aware due to their commercial relationship with the Company or with the other companies of the Iberdrola Group.
11. By contracting with a company of the Group, suppliers undertake to inform their professionals and their Subcontractors of the contents of Sections A, E, F and G of this *Code of Ethics* and of the existence of the internal reporting channels set forth in the *Compliance and Internal Reporting and Whistleblower Protection System Policy*, as well as to require their Subcontractors to inform their professionals thereof. In addition, suppliers must be able to show compliance with such obligations at the request of the Iberdrola Group company with which they maintain the commercial relationship.

#### **Article E.3. Conflicts of Interest of Suppliers**

Suppliers must maintain mechanisms ensuring that the supplier's independence of action and full compliance with applicable law will not be affected in the event of a possible conflict of interest between the interest of the supplier and the personal interest of any of its professionals.

#### **Article E.4. Duty of Secrecy of Suppliers**

1. Suppliers and their respective professionals shall be responsible for adopting adequate security measures to protect the non-public information owned by the companies of the Group and have the means necessary to safeguard it.
2. Information owned by the companies of the Iberdrola Group and disclosed to the supplier shall, as a general rule, be deemed to be confidential or secret information.
3. The information provided by suppliers to their contacts within the Group's companies shall be true and shall not be given with the intent to induce any deception.

#### **Article E.5. Labour Practices of Suppliers**

1. Suppliers shall reject all forms of forced or compulsory labour and all forms of modern slavery and must adopt within their organisation appropriate measures to eliminate all such practices and promote the adoption of such measures within their supply chain.
2. Likewise, suppliers shall expressly reject the use of child labour, both within their organisation and in their supply chain, respecting the minimum hiring age limits in accordance with applicable law, and shall have adequate and reliable mechanisms in place to verify the age of their professionals.

3. The freedom of union association and the right to collective bargaining of the suppliers' professionals must be respected thereby, subject to the law applicable in each case.
4. Suppliers must reject all discriminatory practices due to any condition or characteristic in employment and occupational matters and treat their professionals fairly and with dignity and respect.
5. Labour relations between suppliers and their professionals must be based on equal opportunity, particularly between genders, on non-discrimination due to any condition or characteristic, and on the consideration of diversity and inclusion in all variables thereof.
6. Suppliers shall assess the implementation of reconciliation measures that promote respect for the personal life of their professionals and facilitate the achievement of an optimal balance between the latter and work responsibilities, with respect for applicable laws and local practices, and shall not in any case eliminate the measures established at the time of becoming a supplier of the Iberdrola Group's companies.
7. Suppliers shall pay their professionals in accordance with the provisions of applicable wage laws, including minimum wages, overtime and social security benefits.

#### **Article E.6. Health and Safety Commitments of Suppliers**

1. Suppliers shall ensure the protection of their professionals, avoiding their overexposure to chemical, biological or physical hazards or tasks demanding excessive effort at the workplace.
2. Suppliers shall identify and evaluate potential emergency situations at the workplace and shall minimise the possible impact thereof by implementing emergency response plans and procedures.
3. Suppliers must provide their personnel with the training and means required to do their work as agreed under contract, and shall be liable for any damage or loss attributable thereto by action or omission, especially as a consequence of not having taken appropriate preventive health and safety measures to avoid it.

#### **Article E.7. Environmental Commitment of Suppliers**

1. Suppliers must strictly comply with all environmental obligations applicable thereto and have an effective environmental policy or sufficient measures based on the products and services supplied.

2. Suppliers shall identify and manage those substances and other materials that present a hazard when released into the environment in order to ensure that they are handled, transported, stored, recycled or reused, and disposed of safely and in compliance with applicable regulations. Waste materials, waste water or emissions having the potential to adversely affect the environment shall be appropriately managed, controlled and treated, endeavouring to reduce the carbon footprint that they may generate and optimising the management thereof.

#### **Article E.8. Quality and Safety of Products and Services Supplied**

Products and services delivered by suppliers shall meet the quality and safety standards and parameters required by applicable law, with special emphasis being placed on adherence to agreed prices, delivery dates and safety conditions.

#### **Article E.9. Subcontracting**

1. Suppliers of the companies of the Iberdrola Group shall be responsible for ensuring that their own suppliers and subcontractors are subject to principles of conduct equivalent to those established in this section of the *Code of Ethics*.
2. The actions performed and the procedures used by suppliers to comply with their obligations towards the Group's companies may not entail an indirect or intermediate violation of this *Code of Ethics*, the corporate policies or the other rules of the Governance and Sustainability System.

### **Section F. Internal Reporting System**

#### **Article F.1. Internal Reporting Systems and Internal Reporting Channels**

1. In order to create an environment of transparency and to foster respect for the law and the rules of conduct established in the *Code of Ethics* by its directors, its professionals, and its suppliers, and in accordance with applicable legal provisions, the Company has established an internal reporting system as provided for in the *Compliance and Internal Reporting and Whistleblower Protection System Policy* as a channel to encourage the reporting of potentially improper conduct or acts that are potentially illegal contrary to law or the Governance and Sustainability System, and particularly the rules of conduct of this *Code of Ethics*.
2. The aforementioned internal reporting system provides the directors, professionals and suppliers (including subcontractors and their respective professionals) of the Company, as well as companies that have participated in tenders for services or supplies in order to be suppliers of the Company, with appropriate internal reporting channels for them to

report any conduct or act of the kind indicated in Articles C.3.p), D.2.2 and E.2.9 of this *Code of Ethics*, respectively, in relation to the Company, without prejudice to the ability of all of them to address their communications to the Spanish Independent Whistleblower Protection Authority (*Autoridad Independiente de Protección del Informante*) (A.A.I.) or to any other competent institution, body or entity.

3. The country subholding companies, head of business companies and other companies of the Group have their own internal reporting systems and shall be coordinated in this area with the Company's Compliance Unit in accordance with the provisions of established internal rules and procedures.
4. Communications made through the internal reporting channels must always adhere to standards of truthfulness and proportionality, and may not be used for purposes other than seeking compliance with legal provisions and the Governance and Sustainability System, and particularly this *Code of Ethics*.
5. In those jurisdictions in which applicable law so allows, grievances or reports channelled through the internal reporting channels may be submitted anonymously.
6. As established by legal provisions, the companies of the Group undertake not to take (and to ensure that their professionals do not take) any form of direct or indirect retaliation, including threats of or attempted retaliation, against the directors, professionals or suppliers who may use the internal reporting channels to report conduct or an act that must be reported under the provisions of this *Code of Ethics*, unless they have acted in bad faith or the grievance or report is false.

As established by legal provisions, they also undertake not to take (and to ensure that their professionals do not take) any form of direct or indirect retaliation, including threats of or attempted retaliation, against: (i) any natural person who, within the organisation in which the whistleblower works, assists him/her in the process, or is related to him/her, as a representative of the employees, co-worker or relative; and (ii) any legal person, for whom the whistleblower works or with whom he/she has another type of relationship in an employment context or in which he/she has a significant shareholding.

7. The identity of the person reporting the conduct indicated in Articles C.3.p), D.2.2 and E.2.9 of this *Code of Ethics* through any of the internal reporting channels (if identified) shall be confidential and, therefore, it shall in no event be communicated to the affected party or to any other third party without the consent thereof, thus ensuring non-disclosure of the identity of the whistleblower.

Without prejudice to the foregoing, the details of the persons making the report, if known, may be provided to the administrative or judicial authorities, to the extent that they are requested by such authorities as a result of any proceedings arising from the subject matter of the grievance or report, and to the persons involved in any subsequent investigation or judicial proceedings commenced as a result of the investigation. Such transfer of data to administrative or judicial authorities shall always be carried out in full compliance with personal data protection legislation.

8. If the grievance or report is sent by a procedure other than that governed by this section of the *Code of Ethics* or to a person who is not responsible for the management thereof, the recipient of the information must immediately forward it to the body responsible for managing the internal reporting system within the Group company in question, preserving the confidentiality of the sender and the content of the communication. A violation of the obligations set out in this section constitutes a very serious breach of the *Code of Ethics*.
9. The provisions of the preceding sections of this article of the *Code of Ethics* are deemed to be without prejudice to the operation of the internal reporting channels fully observing applicable law in each country or territory in which the companies of the Iberdrola Group operate. The obligations and commitments assumed by the Group's companies in their contractual relations with third parties, as well as the customs and good practices of the countries or territories in which they do business, shall also be observed.

## **Section G. Common Provisions**

### **Article G.1. Interpretation and Integration of the *Code of Ethics***

1. This *Code of Ethics* shall be interpreted in accordance with the Governance and Sustainability System.
2. The Company's Compliance Unit is the body responsible for the general interpretation and integration of the *Code of Ethics*.
3. By way of exception to the foregoing, the management decision-making bodies of each of the companies of the Group are to provide a binding interpretation of the provisions set forth in Section C in a manner consistent with the rest of the text of this *Code of Ethics*.
4. The interpretative opinions of the Company's Compliance Unit, which must take into account the provisions of the *Purpose and Values of the Iberdrola Group*, shall be binding on the professionals and suppliers of the companies belonging to the Iberdrola Group.
5. This *Code of Ethics*, by its nature, does not deal with all potential situations, but rather establishes the standards to guide the conduct of the persons subject thereto in their

relations with the Group's companies and with third parties by reason of their connection to the companies of the Iberdrola Group, and to resolve any issues that might arise in the performance of their professional activities.

6. Any question that arises for the professionals and suppliers (including Subcontractors) of the Group's companies regarding the interpretation of this *Code of Ethics* must be discussed with the compliance units of the relevant companies of the Group through the channels made available in the internal reporting system.

Professionals and suppliers (including Subcontractors) of the Group's companies may also submit suggestions regarding the content of the sections of the *Code of Ethics* that are applicable to them.

7. The codes of ethics of country subholding or head of business companies that are not identical to this *Code of Ethics* because they include specific provisions to conform the content thereof to applicable domestic legal or industry-specific provisions shall be interpreted by the compliance units of such companies, although the interpretation of the provisions of this *Code of Ethics* (other than the provisions of section C) shall always be reserved to the Company's Compliance Unit.

#### **Article G.2. Instructions in Contravention of the *Code of Ethics***

1. No third party, regardless of rank or position, shall request that a director or a professional of the companies of the Group commit an act that is unlawful, illegal or a breach of the provisions of the Governance and Sustainability System, especially this *Code of Ethics*.
2. In turn, no director, professional or supplier of the companies of the Iberdrola Group may justify improper, unlawful or illegal conduct or conduct that contravenes the provisions of the Governance and Sustainability System in reliance on an order from a superior or from any director or professional of the companies of the Group.

#### **Article G.3 Acceptance**

1. Directors, professionals and suppliers of the companies of the Iberdrola Group that are subject to this *Code of Ethics* shall expressly accept the rules of conduct established herein that are applicable thereto.
2. Professionals who join or hereafter become part of the boundary of the Iberdrola Group and suppliers contracting with companies of the Group shall expressly accept the rules of conduct set forth in Sections D and E, respectively, of this *Code of Ethics*.

3. Directors shall receive a complete copy of this *Code of Ethics*, for which they shall deliver a signed receipt.
4. An extract of this *Code of Ethics*, made up of Sections A, B, D, F and G, shall be annexed to contracts with the professionals of the companies of the Iberdrola Group.
5. In the case of suppliers of the companies of the Group, an extract made up of Sections A, E, F and G shall be annexed to their respective contracts.

#### **Article G.4 Approval and Amendment**

1. This *Code of Ethics* shall be periodically updated based on proposals made by the Company's Compliance Unit, which shall review the content of Sections A, B, D, E, F and G at least once per year, as well as on the suggestions made by the professionals of the Group's companies and the suppliers thereof (including Subcontractors) in relation to the content of the sections of the *Code of Ethics* applicable thereto.
2. The Sustainable Development Committee, the Internal Audit Area and the Compliance Unit of the Company shall be able to make proposals to improve or to foster the adaptation of the *Code of Ethics* as a whole.
3. The amendment of this *Code of Ethics* shall in any case fall within the purview of the Company's Board of Directors.

This *Code of Ethics* was approved at a meeting of the Board of Directors of the Company held on 27 February 2002 and was last amended on 20 June 2023.



## GENERAL SUSTAINABLE DEVELOPMENT POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

The policies and rules that make up the Governance and Sustainability System are intended to ensure the alignment of all conduct of the Group’s companies with their purpose, i.e. *to continue building together each day a healthier, more accessible energy model, based on electricity*, as well as with the bylaw-mandated commitment of the Company to the social dividend and with the Sustainable Development Goals (“**SDGs**”) approved by the United Nations (UN).

In the exercise of these responsibilities, and within the framework of the law and the *By-Laws*, the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*, and its sustainable development strategy, the Board of Directors hereby approves this *General Sustainable Development Policy* (the “**Policy**”).

### 1. Purpose

This *Policy* is intended to establish the general principles and structure the foundations that must govern the sustainable development strategy at the Group level to ensure that all its corporate activities and businesses are carried out while fostering the sustainable creation of value for shareholders and taking into account the other Stakeholders related to its business activities and institutional reality, equitably compensating all groups that contribute to the success of its business enterprise, promoting the values of sustainability, integration and dynamism, favouring the achievement of the SDGs and rejecting actions that contravene or hinder them.

The sustainable development strategy established at the Group level revolves around three main vectors: environmental, social, and corporate governance and compliance aspects. The actual and effective implementation thereof, along with the Governance and Sustainability System that supports it, is to form part of the virtual soul of the Group, one of the key elements that differentiates it from its competitors and which is a deciding factor for its establishment as the preferred company for its Stakeholders.

The general principles and foundations set forth in this *Policy* are further developed and specified in specific environmental, social, and corporate governance and regulatory compliance policies that address certain needs and expectations of the main Stakeholders of the Company.

## **2. Scope of Application**

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the lawfully established limits.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social, and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

The contents of this *Policy* must also govern the conduct of the foundations linked to the Group.

## **3. Objectives of the Sustainable Development Strategy**

Fulfilment of the corporate interest, as defined in the *By-Laws*, requires the implementation of a sustainable development strategy that favours the “*sustainable creation of value by engaging in the activities included in its corporate object, taking into account other Stakeholders related to its business activity and its institutional reality (...)*”.

For this purpose, it should be kept in mind that the *By-Laws* of the Company provide for the implementation of a sustainable development strategy that causes all of its Stakeholders to participate in the social dividend generated by its activities, sharing the created value with them.

Pursuant to the bylaw-mandated rule imposed by the Company's shareholders, its Board of Directors has further developed this strategy, focused on the sustainable creation of value, providing a quality service through the use of environmentally-friendly energy sources, staying alert to the opportunities offered by the knowledge economy, and committed to the SDGs, especially in relation to goals seven and thirteen regarding the supply of accessible and clean energy and the fight against climate change, respectively.

For this purpose, the companies of the Group innovate, make new investments and promote more efficient, sustainable and clean technologies, foster growth and develop talent and the technical and human capacities of their professionals, work for the safety of people and the supply of energy, and labour to build a successful business enterprise together with all of the participants in their value chain, sharing the achievements with their Stakeholders.

In particular, the sustainable development strategy endeavours to ensure the achievement of the following objectives, based on the principles set out in the SDGs:

- a) promote compliance with the Company's purpose, i.e., *to continue building together each day a healthier, more accessible energy model, based on electricity*, and to promote the three corporate values, i.e. sustainable energy, integrating force and driving force;
- b) cause all of their Stakeholders to participate in the success of the Company's business enterprise, through the social dividend generated.
- c) favour the achievement of strategic goals at the Group level in order to offer a safe, reliable and high-quality supply of energy that is respectful of the environment;
- d) improve the competitiveness of all of the companies of the Group through the assumption of management practices settled on innovation, the development of professional relationships based on diversity, inclusion and a sense of belonging, equal opportunity and non-discrimination in the management of people, productivity, profitability, efficiency and sustainability;
- e) responsibly manage the risks and opportunities deriving from changes in the surroundings, and maximise the positive impacts of their activities in the various territories in which the companies of the Group operate and minimise the negative impacts, to the extent possible, avoiding short-term approaches or those that do not sufficiently take into account the interests of all of their Stakeholders;

- f) encourage a culture of ethical behaviour that increases business transparency in order to generate credibility and trust within the Stakeholders of the Group's companies, which includes society in general;
- g) promote relationships based on trust with all of the Stakeholders of the Group's companies, providing a balanced and inclusive response to all of them, particularly emphasising the involvement of local communities to glean their viewpoints and expectations regarding significant potential issues, and thus be able to take them into consideration;
- h) contribute to the recognition of the Group's companies and the improvement of their reputation; and
- i) promote information and communication in the various communities in which the companies of the Group do business so that they are thought of as an ideal place for professional development of the various groups of which they are comprised from the viewpoint of their commitment to diversity and inclusion.

#### **4. Social Dividend**

The Company is an international energy leader that produces and supplies energy to more than 100 million people in the countries and territories in which it is present.

It contributes, with the social dividend generated through its activities, with its tax contribution, and through the development of its corporate object in accordance with the principles set forth in its environmental, social, and corporate governance and regulatory compliance policies: to the stimulation of society in general, both from an economic viewpoint as well as from the perspective of business ethics, to the promotion of equality and justice, to the protection of vulnerable groups, to the encouragement of innovation, to respect for the environment, to the fight against climate change and to the generation of high-quality employment based on diversity, inclusion and a sense of belonging, and to other measures of well-being.

The contribution to its Stakeholders with its social dividend is one of the basic premises for the success of the Company's business enterprise and is based on the SDGs, the principles of which it accepts and supports. This strategy seeks to put the Group's companies at the forefront of best practices in this area and position the Company as one of the best companies for the world, ultimately aspiring to act as a driver and lever for social and environmental change.

Consistent with its global leadership in renewable energy, with its commitment to the promotion of energy efficiency and to universal access to energy services, and pursuant to the provisions of its environmental policies, and specifically of its *Climate Action Policy*, the companies of the Group significantly contribute to compliance with SDGs seven and thirteen, regarding the supply of affordable and clean energy and the fight against climate change, respectively.

Leadership in the fight against climate change and the development of clean energy that contributes to the decarbonisation of the economy are the two main foundations of the Group-level, as well as being the goals to which there is the most significant contribution.

Furthermore, with their business activities, and particularly with the manner in which they are carried out, the companies of the Group contribute to achieving SDGs eight (which promotes sustainable and inclusive economic development, productive employment and decent work) and nine (regarding industry, innovation and infrastructure).

However, the commitment to the SDGs goes further, as in its day-to-day activities the Company takes into consideration all of the goals as guidance in its decision-making processes, the principles of which inform its conduct and its daily tasks, rejecting conduct that contravenes or hinders them.

The Company thus works to measure the social dividend generated by the Group's companies through their business activities, which is the principle source for the creation of value for their Stakeholders, prioritising cleaner and safer energy and promoting measures to protect vulnerable groups, with specific partnerships, sponsorships and activities focusing on social content, either directly or in collaboration with foundations linked to the Group, and generally with a global institutional strategy committed to business ethics and the SDGs, open to their Stakeholders, favouring the engagement thereof as well as the design and regular execution of plans for raising awareness regarding various issues that promote sustainable development.

Along these lines, measurement of the social dividend encompasses the principal direct, indirect and induced impacts, both present and future, generated by the activities of the Group's companies, consistent with the Company's commitment to the long-term creation of shared sustainable value for its shareholders.

Due to the diversity of sustainable development goals and commitments, the Group's companies use a broad set of indicators that allows for an evaluation of the contribution from various perspectives. Even though the indicators do not capture all of the impacts

generated, the results obtained constitute an efficient assessment tool to verify the achievement of the bylaw-mandated commitment to the social dividend. This assessment is taken into consideration by the Board of Directors when defining the Group-level strategy, and is shared transparently with all of the Stakeholders of the companies that comprise the Group through the public dissemination of their non-financial information and the social dividend that is generated. Along these lines, the statement of non-financial information prepared by the Board of Directors and, after independent verification, approved by the shareholders at the General Shareholders' Meeting, presents the Company's performance in the social, environmental and sustainability areas, as well as the social dividend generated, whether directly or in collaboration with foundations linked to the Group, and shared with the Stakeholders thereof.

## **5. General Principles of Conduct**

In order to meet the goals set out in the area of sustainable development, the Company adopts the following main principles of conduct:

- a) comply with applicable law in the countries and territories in which the Group's companies do business and assume ethical leadership in the business communities in which it is present, with the supplementary and voluntary adoption of international commitments, rules and guidelines in those countries in which the legal framework is inadequate or insufficient, basing its relations with the competent public authorities in each jurisdiction on the law, fidelity, reliability, professionalism, collaboration, reciprocity and good faith;
- b) support the principles of the SDGs, specifically those relating to universal access to energy and the fight against climate change, the commitments of the Paris Agreement, the United Nations (UN) *Guiding Principles on Business and Human Rights* and other international instruments, especially in the areas of good human rights and labour practices, protection of the environment and the fight against corruption and all forms of fraud.
- c) align its conduct with the principles contained in the *Purpose and Values of the Iberdrola Group* and follow the guidelines contained in the other rules of the Governance and Sustainability System, especially in the *Code of Ethics*, which governs the ethical and responsible conduct that the companies of the Group expects of their directors, professionals and suppliers;
- d) favour free market practices, rejecting any illegal or fraudulent practice, implementing effective mechanisms for prevention, surveillance, and punishment

of improper acts, further developing its commitment to the promotion of unrestricted competition in favour of consumers and users;

- e) adopt cutting-edge corporate governance practices, in line with good governance recommendations generally accepted in international markets, based upon business transparency and mutual trust with Stakeholders;
- f) have an effective, autonomous, independent and robust Compliance System; and
- g) encourage pathways of dialogue, thus facilitating relationships with the workforce, shareholders and the financial community, customers, suppliers and, in general, with the other Stakeholders, in accordance with the *Stakeholder Engagement Policy*, in order to forge a sense of belonging to an excellent company, to harmonise business values and social expectations, and to adapt, to the extent possible, Group-level policies and strategies to the interests, concerns and needs of such Stakeholders, using all communications within its reach such as direct contact, social networks, consultation procedures and the corporate website of the Company and of the other companies of the Group.

## **6. Main Principles of Conduct**

Set forth below is a description of the main principles of conduct within the boundary of the Group with respect to various aspects in the area of sustainable development common to all of the Company's Stakeholders. All of them represent a Group-level commitment to the social dividend that is generated by applying these principles to the business activities of the companies comprising the Group.

### **6.1 Principles of Conduct with respect to the Creation of Shared Sustainable Value**

The creation of shared sustainable value is the fundamental principle that should govern the Group-level policies, strategy and operations, and entails the equitable compensation of all groups contributing to the success of the business enterprise of the Group's companies and consideration of the social return on new investments, generating employment and wealth for society with a long-term vision that seeks a better future without compromising present results.

The fundamental principles are developed in the *Sustainable Management Policy* and can be synthesised as follows:

- a) Develop a business model based on models that are environmentally sustainable, economically feasible and socially inclusive.

- b) Establish instruments to strengthen the competitiveness of the energy products supplied, through efficiency in energy generation, storage, transmission, distribution and sale processes. The Company thus pays special attention to the excellent management of its processes and resources, using the instruments developed in the *Quality Policy*.
- c) Implement measures tending to ensure the high quality of the service and the safe and reliable supply of energy products.
- d) Promote the reduction of the environmental impact of all the activities carried out by the companies of the Group, striving to promote a rational and sustainable use of water, leading the fight against climate change through the development of clean energy that contributes to the decarbonisation of the economy, prevent or if applicable minimise polluting emissions and the effects thereof, and improve the circularity of their activities and those of their suppliers.
- e) Advance the responsible use of energy and the sustainable use of natural resources, promoting the minimisation of impacts caused by the activities of the Group's companies, in line with the provisions of the Company's environmental policies, and public awareness regarding the efficient consumption of products and services.
- f) Strengthen the social dimension of the activities of the Group's companies, and particularly respect for human rights as set out in the *Policy on Respect for Human Rights*. Specifically, the companies of the Group strive to improve the quality of life of the people in the communities in which they do business, promoting universal access to energy supply, paying special attention to customers who are economically disadvantaged or in any other situation of vulnerability.

## **6.2 Principles of Conduct with respect to Transparency**

Transparency is fundamental for generating confidence and credibility, both in the markets and in investors, as well as in the workforce and in the other Stakeholders. The Company undertakes to:

- a) disseminate truthful, sufficient, useful and reliable information regarding the significant activities of the Group's companies and of the foundations linked thereto;
- b) encourage transparency, assuming a commitment to annually prepare and publish financial and non-financial information regarding its activities, following generally accepted methodologies and submitting the information to independent external verification with respect to the latter; and



- c) facilitate complete and truthful information regarding the taxes that Group companies pay in the countries and territories in which they operate.

The Company shall publish the additional information required by applicable legal provisions in each country or territory or voluntarily assumed thereby or by any of the other companies of its Group, including both the statement of non-financial information, which the Board of Directors formulates and submits for the approval of the shareholders at the General Shareholders' Meeting and which reflects the Company's social, environmental and sustainability performance as well as the social dividend generated and shared with its Stakeholders, as well as the following reports: the integrated report, the annual financial report, the annual corporate governance report, the annual director remuneration report and an activities report of the Board of Directors and of the committees thereof.

### **6.3 Principles of Conduct with respect to the Development and Protection of Intellectual Capital**

Intellectual capital constitutes the principal differentiating element of competitive companies. Therefore, the Company considers the development and protection thereof to be a fundamental aspect, which is further developed in the *Knowledge Management Policy* and the *Corporate Security Policy*, the main principles of conduct of which include:

- a) foster initiatives, procedures, and tools that allow the Company to truly and effectively exploit the intellectual capital of the Group's companies;
- b) develop specific defensive plans to protect critical infrastructure and to ensure the continuity of the essential services provided by the companies of the Group in accordance with the provisions of the *Corporate Security Policy*; and
- c) ensure adequate protection of information and knowledge and the confidentiality thereof.

### **6.4 Principles of Conduct with respect to Innovation**

The Company believes that innovation is the principal tool at the Group level for ensuring sustainability, efficiency and competitiveness, and is a strategic variable that affects all of its businesses and all of its activities. The main principles of conduct in which the desire of the Group's companies to lead innovation within the energy industry materialises include those set forth below and further developed in the *Innovation Policy*:

- a) promote research, development and innovation (R&D) activities, focusing on efficiency aimed at the ongoing optimisation of the business operations of the Group's companies, management of facilities and equipment lifespans, reduction of operation and maintenance costs, and decrease in environmental impact, as well as the development of new products and services to satisfy the needs of the customers;
- b) create innovations fostering sustainable growth and the efficient management of resources and a reduction in environmental impact, contributing to the social and economic development of the surroundings in which the Group's companies do business;
- c) engage in projects in the area of universalisation of energy services based on models that are environmentally sustainable, economically feasible and socially inclusive;
- d) protect innovation, and particularly information or knowledge considered (or that might be considered) to be a trade secret taking into account the importance of the protection thereof; and
- e) keep the Group's companies at the forefront of new technologies and disruptive business models.

## **6.5 Principles of Conduct with respect to Responsible Tax Policy**

The taxes that the companies of the Group pay in the countries and territories in which they do business are their main contribution to the funding of public purpose needs and, accordingly, one of their contributions to society.

Within the framework of the provisions of the *Corporate Tax Policy*, the Group's companies assume the following commitments:

- a) Comply with tax rules in the various countries and territories in which the Group's companies operate.
- b) Make decisions on tax matters based on a reasonable interpretation of applicable legal provisions and in close relationship to the activities of the Group's companies;
- c) Follow the recommendations of the good tax practices codes implemented in the countries and territories in which the companies of the Group do business, taking into account the specific needs and circumstances at the Group level.

- d) Not create or acquire companies resident in tax havens or countries included in the EU blacklist of non-cooperative jurisdictions, with the sole exception of those cases in which it is forced to do so because it is an indirect acquisition in which the company that is resident in a tax haven is part of a group of companies that are being acquired.
- e) Avoid the use of opaque or artificial structures unrelated to the business activities of the Group's companies for the sole purpose of reducing their tax burden. In particular, not enter into transactions with related entities solely for the purpose of eroding the tax bases or to transfer the taxation of profits to low-tax territories.
- f) Strengthen the relationship with tax authorities based on respect for the law, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, without prejudice to the legitimate disputes that, observing the principles established in the *Corporate Tax Policy* and in the defence of the corporate interest, may arise with such authorities concerning the interpretation or application of legal provisions.

## **7. Principles of Conduct with respect to the Principal Stakeholders**

### **7.1 Workforce**

The companies of the Group consider their workforce to be a strategic asset, which they care for and to which they offer a good working environment, encouraging their development, training and reconciliation measures, and favouring the development of professional relationships based on diversity, inclusion and a sense of belonging, equal opportunity and non-discrimination in the management of people.

Therefore, the companies of the Group work to attract, develop and nurture talent as well as encourage the physical, mental and emotional well-being of the workforce through their personal and professional growth, making them participants in their successful business enterprise and guaranteeing them a dignified and stable job within a diverse and inclusive environment.

The inter-relation of the various companies of the Group with their human resources follows the following principles:

- a) respect the human rights recognised by domestic and international laws, oppose child labour, forced or compulsory labour and any kind of modern slavery, not discriminating based on any condition or characteristics, and respect the freedom of association and of collective bargaining, the right to free circulation within each country, the rights of ethnic minorities and indigenous populations in the countries

in which they do business and the right to the environment of all the communities in which they operate, and understand access to energy as a right related and linked to other human rights, upon the terms set forth in the *Policy on Respect for Human Rights*;

- b) select, hire and nurture talent within a favourable employment relationships framework, based on equality of opportunity, non-discrimination, diversity in all its variables and the inclusion of professionals, facilitating measures for the integration of disadvantaged groups and people with disabilities, and for reconciliation between personal and working life.
- c) promote the participation and representation of the various groups that make up their human capital so that, based on this diversity, everyone can be fully integrated into the activities of the Group's companies;
- d) ensure the firm commitment thereof to prohibit any form of discrimination;
- e) recognise and value family and personal connections among the professionals of the Group's companies, a necessary consequence of their strong local roots within the communities in which they have historically done business, and establish measures ensuring that professionals with such connection are not favoured or discriminated against in hiring and promotion;
- f) promote a sense of belonging of their workforce, in order for all professionals to consider themselves part of the business enterprise of the Group's companies, be aware of their role in the local, national and international community, and assume as their own the values, principles and goals established at the Group level;
- g) establish a remuneration policy that favours the hiring of the best professionals and strengthening of the human capital of the Group's companies.
- h) promote the training, qualification and knowledge refreshment of professionals, favouring professional promotion and adapting the management of people to a diverse and multicultural work environment; and
- i) ensure a safe and healthy working environment within the companies of the Group and in their spheres of influence. The measures that favour this objective are developed in the *Occupational Safety and Health Risk Policy*.

## 7.2 Shareholders and the Financial Community

The principles of conduct that govern the Company's relationship with its shareholders and the financial community are:

- a) Facilitate and promote a responsible exercise of their rights and the performance of their duties by the shareholders and the holders of rights or interests in shares, subject to the principle of equal treatment of those in the same situation.
- b) Favour the informed participation of the Company's shareholders at the General Shareholders' Meeting and take proper measures for it to serve the effective exercise of the duties held by the shareholders under the law and the Governance and Sustainability System.

The Company thus may make available to the shareholders on the occasion of each General Shareholders' Meeting a guide in the medium it deems appropriate (such as through a virtual assistant) and certain rules of implementation that standardise, adapt, further develop and make more specific the provisions of the Company's Governance and Sustainability System concerning the exercise of shareholders' rights.

- c) Encourage the engagement of its shareholders in corporate life, especially in the area of corporate governance. For this purpose, the Board of Directors has approved the *Shareholder Engagement Policy*, has adopted various initiatives, and has created and developed various channels of communication and participation.

The Board of Directors of the Company has approved a *Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors* that develops the relations with financial analysts, institutional investors and proxy advisors, and recognises ongoing attention to the transparency of information disseminated by the Company and relations with shareholders, institutional investors and proxy advisors.

Such principles are based on the duty of the shareholders to exercise their rights vis-à-vis the Company and other shareholders and fulfil their duties acting with loyalty, in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Governance and Sustainability System of the Company.

## 7.3 Regulatory Entities

The companies of the Group attempt to maintain a constructive and continuous dialogue with regulatory entities based on the principles of lawfulness, transparency, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, seeking to mutually understand the interests and objectives of each party, and working together to seek solutions to issues affecting the Group's companies and that are within the scope of the powers of such entities, thus contributing to the development of public policies that are useful for sustainable development.

#### **7.4 Customers**

The companies of the Group work to know the needs and expectations of their customers and thus offer them the best solutions, defending the proper operation of the market under free and fair competition and continuously working to care for and increase their satisfaction, strengthening their connection at the Group level and promoting responsible consumption, assuming the following principles of conduct for such purposes:

- a) obey and comply with the rules governing communication and marketing activities and accept the voluntary codes that promote transparency and the truthfulness of such activities;
- b) see to the protection of the health and safety of their customers in all of the life cycles of the products they sell, by complying with applicable law and providing training and information to consumers using various instruments: websites, information in invoices and the development of training and informational campaigns;
- c) provide information to their customers allowing for a more rational, efficient and safe use of electricity and gas in the countries in which they sell their products and services;
- d) pay attention to customers who are economically disadvantaged or in any other situation of vulnerability, establishing specific procedures of protection and collaborating in providing ongoing access to energy and gas supply according to the policies established by the competent government administrations in each case;
- e) facilitate effective access to information regarding the services they provide that is needed by customers with idiomatic or sensory difficulties, by implementing the appropriate instruments for such purpose;

- f) adopt the instruments necessary to ensure the confidentiality of the data of its customers, in accordance with the provisions of the *Code of Ethics* and applicable law;
- g) pursue continuous improvement of the quality of supply in the various countries and territories in which they operate; and
- h) monitor the quality of the service provided to their customers, through surveys measuring their satisfaction, and through customer service.

## **7.5 Suppliers**

The companies of the Group believe that it is essential to ensure that all participants in the value chain respond and adhere to generally accepted ethical and sustainable development principles, in addition to applicable laws and the Governance and Sustainability System. Therefore, the principles of conduct in this area are the following:

- a) adopt responsible practices in the management of the supply chain; and
- b) cause all participants in the value chain to comply with the principles and values set forth in the *Code of Ethics* regarding business ethics and transparent management, good labour practices, the promotion of health and safety, respect for the environment, guaranteeing the quality and safety of the products and services sold and development of responsible practices in the supply chain, promoting joint management (shared responsibility) in strict respect for the human and labour rights recognised in domestic and international law.

## **7.6 The Media**

Transparency is one of the hallmarks of the Company's identity and one of the fundamental goals of its communication strategy. The companies of the Group value and recognise the key role of media in achieving this goal. Therefore, relations with the media shall be governed by the principles of informational transparency and collaboration.

## **7.7 Society at Large**

The companies of the Group are characterised by their international presence. In their operations, they assume the following principles of conduct relating to the various territories and communities in which they operate:

- a) build strong bonds with the communities in which they do business through formal public consultations, thus generating confidence and forging a sense of belonging to an excellent company, of which these communities feel they are an integral part;
- b) harmonise their activities in the various countries in which they operate with the various social and cultural realities of each of them;
- c) strengthen relations of trust with the various communities with which they interact, by supporting the various governments and leading social organisations, by promoting processes of consultation to understand expectations, favouring equal opportunity of the Stakeholders and paying attention to intercultural dialogue and consensus with indigenous populations (aligned with Convention 169 of the International Labour Organization);
- d) favour access to energy, with special attention to customers who are economically or in any other situation of vulnerability;
- e) strengthen respect for the rights of ethnic minorities in all of the communities in which they are present.
- f) engage in corporate volunteering programmes and campaigns that promote the participation of their professionals in volunteer actions in order to promote improvement in people's quality of life, looking after the environment, sustainable development, universal access to energy and the eradication of hunger, including collection campaigns that seek to respond to social needs;
- g) support the promotion and conservation of biodiversity and of the cultural and artistic heritage of the territories and communities in which they do business;
- h) support initiatives that contribute to a more healthy, egalitarian and just society, such as supporting the empowerment of women and promoting the reconciliation of personal and work life; and
- i) promote the protection of animals, as living sentient beings, and particularly the fight against abandonment, violence, mistreatment, abuse and the illegal trafficking of animals, respecting their quality as sentient beings, in accordance with the characteristics of each species and respecting the limitations established by applicable legal provisions.

The companies of the Group also collaborate on specific projects in emerging and developing countries as well as in areas in a situation of humanitarian crisis, actively



participating in the search for sustainable solutions for access to modern forms of energy.

## **7.8 The Environment**

The Company aspires to be the preferred global energy company, among other reasons, because of its respect for the environment, as highlighted and developed in the environmental policies, and particularly in the following: the *Sustainable Management Policy*, the *Environmental Policy*, the *Climate Action Policy* and the *Biodiversity Policy*.

The devotion of the companies making up the Group to leadership in the fight against climate change through the development of clean energy (which contributes to the decarbonisation of the economy) and in respect for the environment are the pillars of the energy production model within the boundary of the Group and the factor that distinguishes it in the energy industry as a world leader in this area. This takes form in the following basic principles of conduct:

- a) develop a business model based on environmentally sustainable economic activities;
- b) continuously identify, quantify and assess throughout the life cycle of the facilities, the impacts and dependencies of the activities of the Group's companies on natural capital, with a focus on biodiversity, through the promotion of research and improving understanding of the ecosystems of the environments of the territories in which they operate;
- c) lead the fight against climate change by developing sustainable energy from renewable energy sources that contribute to the decarbonisation of the economy, as well as by optimising the use of energy throughout its value chain, and prevent or if applicable minimise polluting emissions and the effects thereof on human health and the environment;
- d) integrate climate change into internal strategic planning and decision-making processes;
- e) contribute to raising the awareness of society regarding the phenomenon of climate change and its consequences and solutions;
- f) make sustainable use of natural capital by improving the circularity of the business activities of the Group's companies and those of their suppliers, the sustainable use of natural resources, the implementation of life cycle analysis, the eco-design of their

infrastructures, the application of the waste hierarchy, as well as the optimisation of waste management and the use of recycled materials;

- g) promote innovation through research and support for the development of new technologies and best environmental practices; and
- h) raise awareness, train and involve the professionals, subcontractors, suppliers and other Stakeholders of the Group's companies in environmental commitments and principles.

## **8. Implementation and Coordination of the Group-level Sustainable Development Strategy**

The implementation, monitoring and supervision of the Group-level sustainable development strategy is the responsibility of the various companies of the Group in accordance with their corporate and governance structure defined in the Governance and Sustainability System, and particularly in the *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation*, and is put into practice respecting the principles of subsidiarity and decentralised management through the various committees that assume duties in the area of sustainable development and reputation. Specifically:

- a) The Company's Corporate Sustainable Development and Reputation Committee (or such committee as assumes the duties thereof at any time), which has the duties of defining the basic corporate lines of evolution of practices focused on the sustainable growth of the social dividend and improvement of reputation at the Group level, approving and monitoring the plans for development in both areas, being aware of the most significant advances, and cooperating in the preparation of the public information disclosed by the Company with respect to these areas.
- b) The sustainable development and reputation committees created within each of the country subholding companies in order to: promote compliance with the policies and guidelines approved in the various countries and territories in which the Group's companies operate, coordinate the corporate strategy among the various businesses carried out in each country and territory, and report to the Company's Corporate Sustainable Development and Reputation Committee (or such committee as assumes the duties thereof at any time) on the results achieved.
- c) The country subholding companies may also be linked to foundations, separated from the corporate structure, that implement and carry out in their respective countries and territories the sustainable development strategy entrusted thereto to

the extent conforming to their foundational purposes and without prejudice to their autonomy and independence.

## **9. Foundations Committee and Foundations Linked to the Group**

The Company has a Foundations Committee, an internal consultative body without executive duties created to ensure proper coordination between the foundations linked to the Group, which are responsible within their respective countries and territories for executing the sustainable development strategy designed by the Company's Board of Directors, to the extent that it conforms to their founding purposes and is entrusted thereto by the board of directors of the country subholding company with which they are connected, contributing to the generation of the social dividend and particularly to the achievement of the SDGs, all without prejudice to the independence of said entities for achieving their foundational purposes, with full functionality and autonomy.

The Board of Directors must approve internal rules governing the composition and duties of the Foundations Committee and, as to the latter, a Sustainable Development Master Plan that describes the Group-level strategic lines of action in the field of sustainable development to be carried out by the foundations connected to the Group.

Foundational entities to which the country subholding companies have entrusted the performance of general interest and sustainable development activities in accordance with this *Policy* may join the Foundations Committee.

The Foundations Committee reports to the Sustainable Development Committee on the annual activities programmes of the foundations and on their respective budgets, as well as on the conduct of general interest and sustainable development that are entrusted thereto by the country subholding companies.

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This *Policy* was initially approved by the Board of Directors on 18 December 2007 as the *General Corporate Social Responsibility Policy* and was last amended on 20 June 2023.

## STAKEHOLDER ENGAGEMENT POLICY

20 December 2022

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

The *By-Laws*, the *Purpose and Values of the Iberdrola Group*, the *General Sustainable Development Policy* and the other corporate policies express the Company’s focus on the creation of shared sustainable value for the Stakeholders related to its business activity and its institutional reality, in accordance with the commitments made in the *Code of Ethics*.

It is not possible to achieve the social interest and develop a responsible and sustainable business model without the strong engagement of the Company’s Stakeholders, which are defined as those groups and entities whose decisions and opinions have an influence thereon and who, at the same time, are affected by the Group’s activities.

The Company makes the commitment to involve all of its Stakeholders in the social dividend generated by its activities, whether directly or in cooperation with foundations linked to the Group, which dividend is understood as the sustainable contribution of value, including the advancement of business communities which the Company participates in and leads, both from the economic viewpoint and from the perspective of business ethics, the promotion of diversity, equality, inclusion, the sense of belonging, and justice, and the encouragement of innovation and protection of the environment through the generation of quality employment that ensures equal opportunity and non-discrimination in people management, as well as leadership in the fight against climate change.

This social dividend measures the direct, indirect and induced impacts of the Company’s activities included in the company object for all of its Stakeholders in the economic, social and environmental areas, and particularly its contribution to the achievement of the Sustainable Development Goals (“**SDGs**”) approved by the United Nations (UN).

The Company’s Stakeholders also have a leading role in corporate reputation, which is understood as their set of perceptions regarding the company. These perceptions are quite important, as they determine the decisions of the Stakeholders to invest, purchase or make recommendations, which directly affect the long-term sustainability of a company.

In line with the foregoing, one of the main principles of the *Reputational Risk Framework Policy* is to proactively manage the Company's Stakeholders in order to include their expectations within the Group's management and to mitigate the related risks, all through the *Global Stakeholder Engagement Model of the Iberdrola Group* (the "**Global Engagement Model**").

Furthermore, appropriate management of the Company's Stakeholders decisively contributes to the achievement of the purpose of the *Policy on Respect for Human Rights*, which is to formalise the Group's commitment to the human rights recognised under domestic and international law and to define the general principles that the Group will apply for due diligence in the human rights area.

In fulfilling these responsibilities, and within the framework of the law and the *By-Laws* and the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*, the Board of Directors hereby approves this *Stakeholder Engagement Policy* (the "**Policy**").

## **1. Purpose**

The purpose of this *Policy* is to establish the general framework for the Group's relations with its Stakeholders in all of its activities and operations, in order to:

- (i) continue encouraging the engagement of the Stakeholders in the Company's business enterprise through a strategy of strong involvement in the communities in which it operates and the creation of shared sustainable value for all of them;
- (ii) continue responding to the legitimate interests of the Stakeholders with which the Company interacts;
- (iii) continue building trust among the Stakeholders in order to build long-lasting, stable and robust relationships;
- (iv) encourage the recognition by all of its Stakeholders of the Company's commitment to diversity in the broad sense, particularly in all matters regarding the professional development of their members; and
- (v) contribute through all of the above to maintaining the corporate reputation in the various countries and businesses in which the Company does business.

Notwithstanding the foregoing, the Board of Directors may approve other corporate policies addressing specific Stakeholders.

## **2. Scope of Application**

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

The contents of this *Policy* must also govern the conduct of foundations linked to the Group.

## **3. The Company's Stakeholders**

The value chain made up of the activities carried out by the Company means that its Stakeholders are quite numerous. Therefore, for purposes of this *Policy*, the Stakeholders are grouped into the following categories:

- Workforce.
- Shareholders and the financial community.
- Regulatory entities.
- Customers.
- Suppliers.
- The media.
- Society at large.
- The environment.

These Stakeholders are in turn divided into other categories, the Sub-stakeholders, made up of various groups and entities, which allows the management of the relationships to be adjusted

to specific and local realities, needs and expectations, in many cases relating to the Group's facilities.

#### **4. Basic Principles**

The Group accepts and promotes the following basic principles to engage and establish relations of trust with its Stakeholders:

- a. **Responsibility:** act responsibly and build relationships based on ethics, integrity, sustainable development, and respect for human rights and the communities affected by the various activities of the Group.
- b. **Transparency:** ensure transparency in relationships, and in financial and non-financial communications, sharing truthful, sufficient, relevant, complete, clear, reliable and useful information.
- c. **Active listening:** practice active listening, encouraging bi-directional and effective communication as well as direct, fluid, constructive, diverse, inclusive and intercultural dialogue.
- d. **Participation and engagement:** encourage the participation and engagement of the Stakeholders in all of the Company's activities, promoting voluntary consultation processes or similar channels of interaction in application of the law of each country, and especially in the planning, construction, operation and decommissioning of the Group's power projects.
- e. **Consensus:** work towards consensus with the Stakeholders, especially with local communities and indigenous populations, taking their viewpoints and expectations into consideration.
- f. **Collaboration:** promote collaboration with the Stakeholders, in order to contribute to compliance with the *Purpose and Values of the Iberdrola Group* and the achievement of the SDGs.
- g. **Continuous improvement:** seek continuous improvement, regularly reviewing Stakeholder engagement mechanisms to ensure that they respond in the most efficient way possible to the needs of each moment.

#### **5. Responsibilities in the Management of Stakeholder Engagement**

From the corporate governance standpoint, the Board of Directors is vested with the power to approve and supervise the general strategy on engagement with the Company's Stakeholders, endeavouring to ensure the proper coordination thereof at the Group level.

To this end, the Company's ESG Division (or such division as assumes the duties thereof), through the Stakeholder and Reputation Unit, galvanises and coordinates the actions required to comply with this *Policy* and with the *Global Engagement Model*, as well as to promote best practices in this area.

Pursuant to the Group's organisational structure, inspired by the principle of subsidiarity, the country subholding companies and the head of business companies, within their purviews, are responsible for implementing the strategy regarding Stakeholder engagement and the *Global Engagement Model*, as well as maintaining direct discussion and dialogue with their various Stakeholders, especially those who act within the environment of the facilities of the Group's businesses. For all of the foregoing reasons, the country subholding companies and the head of business companies shall be endowed with the resources and structure necessary for them to carry out these activities.

Country subholding companies may also entrust to foundations with which they have agreements the implementation of general interest and sustainable development activities previously defined by the Company, which contributes to improving relations and dialogue with the Stakeholders of the Company, under the coordination of the Foundations Committee, and without prejudice to the autonomy and independence of said foundations to achieve their purposes.

## **6. *Global Stakeholder Engagement Model***

In 2016, the Company approved the *Global Engagement Model* based on the International AA1000 AccountAbility standard, among other things, to comply with this *Policy*.

The *Global Engagement Model*, which is implemented throughout the Group using a shared digital application, contains the principles and provides the guidelines that, on the one hand, ensure that the Company's Stakeholder engagement is homogeneous while respecting the particularities of each country and business, and on the other, establish the mechanisms required to ensure that the Stakeholders have sufficient capacity to engage with the Group.

The main characteristics of the *Global Engagement Model* are the following:



- a. It is a guide to perform the segmentation of the Stakeholders, the identification of Sub-stakeholders, and the prioritisation of the latter, based on the Group's impact and ability to influence them, as well as their impact and ability to influence the Group.
- b. It contains the guidelines to ensure that the Stakeholders have sufficient capacity to communicate with the Company, through regular evaluation of the available channels and the characteristics thereof (number, type and frequency of use) by the persons in charge of them. The channels are constantly evolving to adjust to the needs and realities of each moment and to maximise their effectiveness in establishing close, robust and long-lasting relationships.
- c. It provides guidelines to identify and prioritise relevant issues (needs and expectations) for each Stakeholder, as well as to identify and manage the risks and opportunities related to these significant issues, all in relation to the Company's contribution to achieving the SDGs. In the case of risks, their management depends on their evaluation in terms of probability, impact and the existence of related reputational risks.
- d. It contains the main guidelines to design and monitor action plans that respond to issues that are significant for the Stakeholders based on an assessment of the risks and opportunities thereof, while improving communication and relations therewith.
- e. It allows for knowing the impacts of the actions in relation to the Stakeholders, maximising positive impacts and mitigating those that are negative.
- f. It identifies future trends relating to the expectations of the Stakeholders, as well as good practices to be shared throughout the Group.

In order to implement the *Global Engagement Model*, there is a network of persons at each of the country subholding companies in charge of extending and properly applying it. Any Sustainable Development and Reputation Committees created within each of the country subholding companies will also report to the Company's Corporate Sustainable Development and Reputation Committee on the results achieved.

A global working group called the "Iberdrola Stakeholders' Hub" and the Company's Corporate Sustainable Development and Reputation Committee evaluate the implementation of the *Global Engagement Model* and the results of the process.

The results of the Group's Stakeholder engagement are mainly disclosed through the communication strategy, the corporate website and the presence of the Company and the country subholding companies on social media, as well as the various reporting elements, including the statement of non-financial information and the integrated report.

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This *Policy* was initially approved by the Board of Directors on 17 February 2015 and was last amended on 20 December 2022.

Governance & Sustainability System Chapter III

# Environment and Climate Action - Introduction

The following *Introduction to Chapter III – Environment and Climate Action* was approved by the Company on 18 January 2023

## GOVERNANCE AND SUSTAINABILITY SYSTEM

### INTRODUCTION TO CHAPTER THREE - ENVIRONMENT AND CLIMATE ACTION

1. The Governance and the Sustainability System constitutes the internal regulatory framework for the Company. It is autonomously established by the Company as its own set of rules defining its purpose and values against which its business strategies and goals are to be set.
2. The corporate policies constitute an essential part of the Company's Governance and Sustainability System. These policies characteristically aim to consistently and clearly connect the relevant themes in the stated purpose and values to the appropriate action guidelines and criteria prescribed in relation to matters that are identified as generally or specifically important to the decision-making and management of the Company.
3. The corporate policies therefore delineate the amount of discretion that Iberdrola Group directors and employees may exercise in the performance of their duties, i.e. within a framework of respect and observance of human rights, the contribution to the achievement of the United Nations' Sustainable Development Goals (**SDGs**), compliance with Environment, Social and Governance (**ESG**) requirements, goals established by the Paris Agreement and the United Nations' 2030 Agenda for Sustainable Development. It is implicit that any action taken in adherence to these will carry a *prima facie* assumption of suitability and approval pursuant to the *Purpose and values of the Iberdrola Group* and Iberdrola's corporate interest since they are defined to contribute to and fulfil the same aims.
4. The environmental policies are included within the Iberdrola Group's sustainable development strategy and constitute its express response to the challenges, objectives and goals in relation to climate change, preservation of the environment, and biodiversity loss, while recognising the opportunities arising from the energy transition. This is an active commitment of the Iberdrola Group, made on behalf of and applying to all its members' stakeholders, to generate 'integral business value', taking into account the natural and environmental capital invested, in order to maximise the distribution of such value to those stakeholders and the communities in which the Company operates.
5. The ideas, values and principles in these guidelines or protocols for conduct are subject to ongoing updates to adapt them to the ever-changing circumstances in which the Company and its Group operates as an established business. Accordingly, like the other parts of the Governance and Sustainability System, the environmental policies contained in this Chapter Three are subject to a continuous process of review, adaptation and improvement in the context of the environment in which the Iberdrola Group companies carry out their business, applicable law and best practices.

In Glasgow, on 18 January 2023

The Board of Directors

## Governance & Sustainability System Chapter III

# Environment and Climate Action

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Chapter III of the Governance & Sustainability System consists of the following environmental policies of the Iberdrola Group, which are adopted by the Company (and its Group).

The *Sustainable Management Policy* (dated 20 December 2022) was formally adopted by the Company on 23 February 2023.

The *Environmental Policy* (dated 21 February 2023) was formally adopted by the Company on 21 June 2023.

The *Climate Action Policy* (dated 20 December 2022) was formally adopted by the Company on 23 February 2023.

The *Biodiversity Policy* (dated 20 December 2022) was formally adopted by the Company on 23 February 2023.

References in these documents to Iberdrola, its Group, etc. shall be accordingly construed *mutatis mutandis*.

## SUSTAINABLE MANAGEMENT POLICY

20 December 2022

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In the exercise of these responsibilities and aware that the sustainable creation of value is one of the pillars of the *Purpose and Values of the Iberdrola Group*, the Board of Directors hereby approves this *Sustainable Management Policy* (the “**Policy**”).

### 1. Purpose

The fulfilment of the corporate interest, as defined in the *By-Laws*, requires that the business activities included in the corporate object be focused on the creation of sustainable value.

In compliance with this mandate and with the provisions of the *Purpose and Values of the Iberdrola Group* and the *General Sustainable Development Policy*, the Group commits to a sustainable energy model, endeavouring to achieve development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The main principles of conduct regarding sustainable management set out in this *Policy* contribute to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

### 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and

corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this Policy does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

### **3. Main Principles of Conduct**

(a) The Group's commitment to sustainable management rests upon the following main principles of conduct:

- a) development of a business model based on environmentally sustainable economic activities;
- b) competitiveness of the energy products supplied, through efficiency in energy generation, storage, transmission, distribution and sale processes;
- c) high quality of the service and reliability and safety in the supply of energy products;
- d) reduction of the environmental impact of all activities carried out by Group companies;
- e) creation of sustainable value shared with the Company's shareholders and the rest of its Stakeholders;
- f) promotion of the Group's social commitment, and particularly respect for human rights as set out in the *Policy on Respect for Human Rights*; and
- g) promotion of the responsible use of energy.

### **4. Instruments to Promote Sustainable Management**

The instruments to promote the main principles of conduct of this *Policy* are the following:

- a) competitiveness of the energy products supplied: the Group promotes efficiency in energy generation, storage, transmission, distribution and sale processes, so that energy can sustainably be offered at the best price possible. This is all accomplished through the use of cleaner and more efficient technologies with low operation and maintenance costs, as well as a combination of diversified generation technologies that includes the most competitive energy sources based on weather and market conditions.
- b) high quality of service and reliability and safety in the supply of energy products: the Group promotes operational excellence, fostering a culture of continuous improvement and excellence in management, as provided in the *Quality Policy*. The continuous evaluation of process support tools, like quality management systems, which are hallmarks of the Group, are ultimately intended and are the Group's fundamental tools to achieve operational excellence;
- c) reduction of the environmental impact of all its activities: the Group strives to:
  - (i) promote a rational and sustainable use of water, manage the risks relating to water scarcity and ensure that water used is returned to the environment in the desired condition;
  - (ii) lead the fight against climate change by developing sustainable energy from renewable energy sources that contribute to the decarbonisation of the economy, as well as by optimising the use of energy throughout its value chain;
  - (iii) prevent or, where appropriate, minimise polluting emissions and their effects on human health and the environment;
  - (iv) assume a leadership position in the conservation and protection of biodiversity, generating a net positive environmental impact whenever possible; and
  - (v) improve the circularity of its business activities and those of its suppliers, through the sustainable use of natural resources, the implementation of life cycle analysis, the eco-design of its infrastructures, the application of the waste hierarchy, as well as the optimisation of waste management and the use of recycled materials. The Group also has an Environmental Management System (EMS) that allows for alignment of the environmental dimension with the Group's sustainability model and for identification of environmental aspects throughout the life cycle and the impact thereof on the environment by calculating the Corporate Environmental Footprint;



- d) creation of sustainable value: the Group deploys the best corporate governance and sustainability practices within its reach, including codes of conduct and compliance and risk management codes. All of the foregoing is intended to ensure informational transparency and preserve the creation of shared sustainable value for its shareholders and other Stakeholders related to its business activities and its institutional reality, nurturing business profit as one of the foundations for the future sustainability of the Company and the Group, and responsibly carrying out its work as a major driving force in the energy sector. In this regard, and in accordance with the provisions of the *Stakeholder Engagement Policy*, the Group seeks to encourage the increasing involvement of the Stakeholders in the business enterprise and to respond to their legitimate interests, as means to increase the degree of trust and contribute to preserving the corporate reputation. In particular, the Group works on achieving excellent management of relations with its customers, offering efficient and suitable energy products tailored to their needs, and capturing the opportunities provided by the market;
- e) boosting social commitment: the Group's strategy is aligned with the achievement of the goals of the United Nations (UN) 2030 Agenda for Sustainable Development. Along these lines, the Group desires to act as an engine and lever for social change, and works through the social commitment policies to face inescapable social challenges and goals, like the commitment to human rights, the empowerment of women, and the promotion of the diversity and equality of its members and the constituents of and participants in its business enterprise. In particular, the Group strives to improve the quality of life of the people in the communities in which it does business, promoting universal access to energy supply, paying special attention to customers who are economically disadvantaged or in any other situation of vulnerability, establishing specific procedures of protection and collaborating in providing ongoing access to energy supply according to the policies established by the competent regulatory bodies in each case; and
- f) promoting the responsible use of energy: supporting energy saving and efficiency measures and contributing to sustainable development through public awareness campaigns encouraging the efficient consumption of its products and services.

## **5. Sustainable Event Management**

The Group assumes a commitment to leadership in the area of sustainable event management, encouraging the contribution of all participants in its value chain. For this purpose, the *Iberdrola Group Events Manual* establishes guidelines that should govern all events of the Group to ensure that they scrupulously comply with all applicable

requirements in each case (especially including laws on safety and health, noise, waste, privacy and personal data protection), while at the same time promoting accessibility, inclusion, non-discrimination and diversity in the planning and execution thereof.

The companies of the Group shall endeavour to establish sustainable management systems for events whose importance and complexity so advise, in which they shall promote the engagement of all affected Stakeholders and take into consideration their needs and expectations.

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This *Policy* was initially approved by the Board of Directors on 17 December 2013 and was last amended on 20 December 2022.

## ENVIRONMENTAL POLICY

21 February 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In the exercise of these responsibilities, and aware that leadership in the development of sustainable energy and respect for the environment are the pillars of the Group’s energy production model and some of the cornerstones of the *Purpose and Values of the Iberdrola Group*, the Board of Directors hereby approves this *Environmental Policy* (the “**Policy**”).

### 1. Purpose

The *Policy* is intended to establish a framework of reference for integrating the protection of nature and the environment within the strategy, investments and operations established at the Group level, and define the principles of conduct for environmental management and the management of natural capital.

The Company considers respect for the environment to be a key element for realising the vision of building an energy model in harmony with nature and with human beings. The companies of the Group are therefore committed to continue taking a leading position in the development of a sustainable energy model, based on the use of renewable energy sources and smart grids, electrification, efficiency, reduction in emissions and digital transformation, where respect for and the protection of the environment are integrated into all of their activities and processes. The Group’s companies are also committed to compliance with environmental regulations and international best practices in this area.

Through a business model and supported by a practice favouring transparent information and ongoing dialogue, the Group’s companies respond to the expectations of their Stakeholders with respect to the preservation of the environment, ever more stringent regulatory requirements, and constant scrutiny of management by analysts, assessors and various agents of society in general.

The commitment of the Group's companies to leadership in the development of sustainable energy is aligned with the contribution to achievement of Sustainable Development Goals (SDGs) six, seven, twelve, thirteen, fourteen, fifteen and seventeen approved by the United Nations (UN).

## **2. Scope of Application**

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this Policy does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

## **3. Main Principles of Conduct**

To implement their commitment to the environment and boost environmental sustainability, the Group's companies articulate the following main principles of conduct that apply to all of their activities and businesses and that shall be integrated within the internal decision-making processes:

- a) develop a sustainable model that is respectful of nature, biodiversity and historical and artistic heritage;
- b) comply with legal provisions and conform to applicable environmental standards;

- c) apply the principle of mitigation hierarchy (avoid, minimise, restore and compensate as a last resort) in all activities;
- d) promote innovation through research and support for the development of new technologies and best environmental practices;
- e) use natural capital sustainably. In particular:
  - to make rational and sustainable use of water, managing the risks relating to water scarcity and ensuring that water used is returned to the environment in the desired condition;
  - improve the circularity of their business activities and those of their suppliers, through the sustainable use of natural resources, the implementation of life cycle analysis, the eco-design of their infrastructures, the application of the waste hierarchy, as well as the optimisation of waste management and the use of recycled materials; and
  - integrate the protection and promotion of biodiversity into strategy at the Group level and develop a business model that is sustainable and positive with nature;
- f) conserve, protect and promote the development and growth of natural heritage;
- g) implement a common environmental management system that applies precautionary, anti-pollution and continuous improvement principles and places the environment at the centre of decision-making through:
  - assessing the environmental risks of their activities, facilities, products and services on a regular basis, improving and updating the mechanisms designed to prevent, mitigate or eradicate them;
  - ongoing identification, assessment and mitigation of the environmental impacts of the activities, facilities, products and services of the Group's companies;
  - management of risks and impacts by establishing objectives, programmes and plans that promote the continuous improvement of environmental processes and practices within the framework of the Group, and the establishment of monitoring, control and audit mechanisms; and

- environmental training of the professionals of the Group's companies;

The various environmental management systems of the Group's companies are based on this common model and allow for coordination of the environmental management within the boundary of the Group, which operates on a decentralised basis pursuant to the principal of "subsidiarity" and respect for the autonomy of the various companies;

- h) reduce environmental impact and improve the environmental performance of the Group's companies from a life-cycle perspective;
- i) encourage the engagement of the Stakeholders in the business enterprise of the Group's companies pursuant to the provisions of the *Stakeholder Engagement Policy*, which contemplates, among other things, the strong involvement of the Group's companies in the communities in which they operate and the creation of shared sustainable value for all of them;
- j) raise awareness, train and involve the professionals, subcontractors, suppliers and other Stakeholders of the Group's companies in the commitments and principles of this Policy; and
- k) report transparently on environmental results and activities.

#### **4. Priority Lines of Action**

In order to achieve their commitment to nature and the environment and to promote environmental sustainability and respect for nature, the companies of the Group work on three priority lines of action, in which the main principles of conduct set out in the preceding section shall be applied:

- a) climate action;
- b) protection of biodiversity; and
- c) circular economy.

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This *Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 21 February 2023.

## CLIMATE ACTION POLICY

20 December 2022

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, and aware of its commitment to the environment generally and to the fight against climate change particularly, the Board of Directors hereby approves this *Climate Action Policy* (the “**Policy**”) pursuant to the provisions of the *Purpose and Values of the Iberdrola Group*.

### 1. Purpose

The *Policy* is intended to establish a framework for articulating the Group’s strategy and business model in a manner consistent with its commitment to the fight against climate change.

Climate change is one of the most significant challenges currently facing humanity.

Anthropogenic emissions of greenhouse gases, mainly from the use of fossil fuels, and the use of land have accelerated global warming in recent decades, the consequences of which are already visible. At the global level, efforts are aimed at keeping the global temperature increase for the remainder of the century below 2°C compared to pre-industrial levels and to continue efforts to further limit the temperature increase to as close to 1.5°C as possible.

The Group has included environmental performance and the fight against climate change as one of the cornerstones of its Governance and Sustainability System, which is inspired by the highest standards in climate governance. In this respect, the Group is aware of the contribution of its business activities to climate objectives, as well as of the need to have appropriate capacities and mechanisms in place in the area of adaptation to climate change.

Therefore, the Group undertakes to continue: (i) assuming a leadership role in the fight against climate change, directly and through the establishment of partnerships with other players; (ii) promoting a social culture aimed at raising awareness among all its Stakeholders of the magnitude of this challenge and the benefits associated with successfully responding to it, considering the impact of this phenomenon on the Group’s activities; and (iii) actively and decisively contributing to a carbon-neutral and sustainable future, minimising the environmental impact of all its activities and promoting the adoption of all actions available to the Group for this purpose, an effort that must be compatible with the achievement of the corporate interest. The Group shall also continue analysing and identifying specific actions in the fight against climate change that allow for detecting and exploiting the opportunities that might arise from a decarbonised and more electrified economy and also increase the ability to adapt, strengthen resiliency and reduce vulnerability to climate change in accordance with the goal established in the Paris Agreement. The Group’s commitment to leadership is aligned

with the achievement of the objectives of the Paris Agreement and the Sustainable Development Goals (SDGs) approved by the United Nations (UN) (especially numbers seven and thirteen).

## **2. Scope of Application**

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law. Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

## **3. Main Principles of Conduct**

To implement its commitment to climate action, the Group shall be guided by the following main principles of conduct, which shall be gradually applied in all its activities and businesses:

- a) set and review short-, medium- and long-term emission mitigation targets in line with the Paris Agreement targets and subsequent updates deriving from climate change science, and bring the intensity of global direct emissions below 50 g CO<sub>2</sub> per kWh generated by 2030, with the goal of achieving carbon neutrality by 2050;
- b) integrate climate change into internal strategic planning and decision-making processes, as well as into the analysis, management and reporting of long-term risks, taking into account the recommendations of the *Task Force on Climate-related Financial Disclosure* (TCFD) and other leading organisations regarding climate governance and the reporting of climate risks and opportunities;
- c) promote innovation in more efficient and less greenhouse gas-intensive technologies and gradually introduce them in the Group's facilities;
- d) involve all Stakeholders in a regular update of the Climate Action Plan through two-way communication based on the creation of sustainable value for all of them, in accordance with the provisions of the *Stakeholder Engagement Policy*, in order to develop a strategy for a fair transition of the energy model;



- e) include the implementation of the climate action plan among the parameters that may be considered in the Company's remuneration systems;
- f) contribute to raising awareness in society at large about the phenomenon of climate change, its consequences and solutions, as well as the need to act quickly, through actions focused on generating knowledge and mobilising and promoting climate action, given that it is a threat to people and communities, all in line with the Group's commitment to respect the right of all communities to the environment, as set out in the *Policy on Respect for Human Rights*;
- g) promote internal awareness and training for the Group's professionals as well as for subcontracted personnel regarding climate change;
- h) promote suppliers' awareness of climate change and encourage them to adopt practices consistent with those of the Company in this area, and particularly with regard to reducing their carbon footprint;
- i) publicly support and lead the main milestones of the global climate agenda and multilateral processes on climate change, adopting positions consistent with the Company's objectives and with the environmental policies of the Governance and Sustainability System in those jurisdictions in which the Group has a presence;
- j) encourage the participation of the private sector in the global climate agenda in order to meet the objectives of the Paris Agreement, and particularly the goal of maintaining the global average temperature of the planet, as well as introduce a more ambitious dynamic in terms of both the implementation of the agreement and the update of the commitments made by the parties;
- k) have an environmental management system (EMS) of the Group, which allows for evaluating, analysing, managing and reducing environmental risks, as well as improving the management of resources and optimising investments and costs, and which incorporates all relevant climate variables;
- l) actively foment a culture that promotes the efficient and responsible use of energy and encourages behaviours supporting such responsible use, engaging all Stakeholders of the Company for this purpose. In particular, professionals will be encouraged to contribute with their daily work to the achievement of the objectives defined in the fight against climate change; and
- m) encourage research and the development of methodologies in the evaluation and design of adaptation measures, and take appropriate measures to mitigate the impacts of climate change on the production of energy from renewable sources, integrating climate science

into the setting of objectives and internal procedures.

#### **4. Priority Lines of Action**

The Group shall promote the following priority lines of action to develop the main principles of conduct set out in the preceding section:

- a) formalise and communicate a Climate Action Plan that specifies its commitment to achieve CO<sub>2</sub> neutrality by 2050, the interim targets for scopes 1, 2 and 3 of the greenhouse gas inventory, the strategy and investment policy designed to fulfil this commitment, and the frameworks and methodologies based on available science used to evaluate and report on the implementation of the plan;
- b) contribute to the electrification of the economy and maintain the Group's global leadership in renewable energy and in the investment and operation of smart grids that allow for a high level of renewable energy integration, by supporting regulatory legal initiatives aimed at:
  - increased electrification of consumer uses of the economy, such as electric mobility and heat pumps, as efficient systems for domestic heating and cooling;
  - promoting the “polluter pays” principle, advocating for mechanisms for the establishment of emissions prices that generate a strong and sustainable price signal, capable of generating the resources required to equitably finance sustainable energy projects, both in industrialised countries and in emerging and developing economies, and supporting a tax system that includes this principle in the transport, construction and electricity production industries;
  - eliminating subsidies to high-emission technologies and industries;
  - promoting the replacement of energy generation systems based on the use of fossil fuels with higher carbon content and favouring the improvement of efficiency in generation, in transmission and in the final use of energy, all within the framework of an increasing electrification of the energy model; and
  - continuing to develop the real and global energy transition, based on decarbonisation and on the electrification of the energy sector in particular, and of the economy as a whole, that contributes to the Sustainable Development Goals (SDGs) approved by the United Nations (UN), particularly with respect to the fight against climate change;
- c) integrate climate science and adaptation and resilience standards, as well as include technical improvements, in the design, construction and management of energy

generation, storage and distribution networks and infrastructure in order to reduce or avoid the potential impacts of climate change on their functionality and allow the Group to adapt to changes in energy demand caused by climate change;

- d) analyse the risks arising from climate change as regards the energy transition, as well as physical risks;
- e) regularly review the Company's greenhouse gas emissions inventory and establish control and monitoring mechanisms, including the verification of emissions by an independent third party;
- f) develop communication campaigns and materials, workshops and educational resources aimed at specific groups, or partner in projects with third parties, in both the public and private sectors, to promote communication and internal training of the Group's professionals on climate action;
- g) formalise agreements and work with multilateral bodies and civil society organisations with particular engagement in the fight against climate change, and particularly the UN Framework Convention on Climate Change, in order to strengthen the Group's international leadership in the process of fighting climate change;
- h) support public policies and strategies that deal in a coordinated and consistent manner with the social problems relating to climate change;
- i) lead the main international indices on the fight against climate change;
- j) disseminate the results achieved and/or actions performed by the Group regarding the fight against climate change; and
- k) establish the mechanisms needed to ensure the coordinated application of this *Policy* throughout the Group.

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This *Policy* was initially approved by the Board of Directors on 15 December 2009 and was last amended on 20 December 2022.

## BIODIVERSITY POLICY

20 December 2022

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, and aware of its commitment to the environment generally and to the preservation of the biodiversity of the territories in which the Group does business specifically, the Board of Directors hereby approves this *Biodiversity Policy* (the “**Policy**”) pursuant to the provisions of the *Purpose and Values of the Iberdrola Group*.

### 1. Purpose

The *Policy* is intended to establish a reference framework for integrating the protection and promotion of biodiversity into the Group’s strategy, and to define the principles of conduct for the development of a business model that is sustainable and positive with nature, such that its activities protect and promote the development and growth of the natural heritage, particularly including the protection of animals, as living sentient beings.

The degradation of ecosystems and the unprecedented decline of biological diversity, unanimously identified by the scientific community as a direct consequence of the impact of human activities, entail serious environmental, economic and social risks, requiring action to reverse the loss of biodiversity.

The Group is committed to taking a leadership role in the conservation and promotion of biodiversity in its industry and to integrating into its management the United Nations (UN) 2050 vision of “*Living in Harmony with Nature*”, where biodiversity is valued, preserved, restored and used sustainably, maintaining the services of the ecosystem, supporting a healthy planet and providing essential benefits for all people.

This is aligned with the achievement of Sustainable Development Goals (SDGs) six, thirteen, fourteen, fifteen and seventeen approved by the United Nations. (UN).

### 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this Policy does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

### **3. Main Principles of Conduct**

To implement its commitment to biodiversity, the Group shall be guided by the following main principles of conduct, which apply to all its activities and businesses:

- a) integrate biodiversity in internal strategic and decision-making processes of the Group, as well as in the analysis, management and reporting of long-term risks;
- b) identify, quantify and assess, on an ongoing basis and throughout the life cycle of the facilities, the impacts and dependencies of the Group's activities on natural capital, including diversity and the protection of wild animals and protected and vulnerable species, fostering respect for them in all lines of conduct;
- c) apply the principle of mitigation hierarchy (avoid, minimise, restore, and compensate as a last resort) in all the phases of infrastructure projects;
- d) avoid locating new infrastructure projects in spaces that are protected due to their ecological, biological, cultural and/or landscape value or areas catalogued as having high value for biodiversity;

- e) avoid or reduce deforestation associated with their activities and supply chain;
- f) manage and compensate in quantity and quality the negative impacts produced on the environment, giving priority to solutions based on nature, facilitating the connectivity of populations and encouraging the development of special protection or private conservation areas;
- g) develop plans for monitoring flora and fauna, especially protected or vulnerable species, so that the interaction of infrastructure with the environment can be continuously assessed;
- h) integrate the management of natural capital and biodiversity into the Group's Environmental Management System (EMS), setting goals, indicators and standards for the control, monitoring and audit thereof;
- i) identify and establish management plans for invasive species that pose a risk to ecosystems and species at sites where the Group operates;
- j) participate in carrying out research, preservation, education and sensitisation projects, cooperating with government agencies, non-governmental organisations, local communities and other Stakeholders on biodiversity issues and relating to the fight against abandonment, violence, mistreatment, abuse and the illegal trafficking of animals, in accordance with the provisions of the *General Sustainable Development Policy*.;
- k) promote biodiversity awareness and training for the Group's professionals as well as for subcontracted personnel and that of its suppliers; and
- l) report on the biodiversity actions of the Group, the presence of facilities in protected areas, and research, preservation, education and awareness-raising actions, periodically publishing a biodiversity report.

#### **4. Priority Lines of Action**

Biodiversity has a leading role in the Group's strategy, for which reason four five priority lines of actions have been established to apply the main principles of conduct set out in the preceding section:

- a) protect biodiversity and make sustainable use of natural capital by adopting a hierarchy of conservation, integrating best practices throughout the life cycle in the management thereof and promoting actions for the regeneration and conservation of natural heritage;
- b) continuously identify, quantify and assess throughout the life cycle of the facilities, the impacts and dependencies of the Group's activities on natural capital, with a focus on biodiversity, through the promotion of research and improving understanding of the ecosystems of the environments of the territories in which it operates;
- c) partnering with Stakeholders, considering their biodiversity needs and expectations, and participating in projects for the enhancement of biodiversity and the protection of and respect for animals; and
- d) highlighting and raising awareness of the importance of biodiversity protection and conservation through training, internal and external education, awards, publications, and sponsorship and internal and external communication of the impact of the Group's activities in this area.

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This *Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 20 December 2022.

Governance & Sustainability System Chapter IV

# Social Commitment

## - Introduction

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The following *Introduction to Chapter IV – Social Commitment* was approved by the Company on 18 January 2023



## GOVERNANCE AND SUSTAINABILITY SYSTEM

### INTRODUCTION TO CHAPTER FOUR - SOCIAL COMMITMENT

1. The Governance and the Sustainability System constitutes the internal regulatory framework for the Company. It is autonomously established by the Company as its own set of rules defining its purpose and values against which rules its business strategies and goals are to be set.
2. The Iberdrola Group's corporate policies, as adopted by the Company into its Governance and Sustainability System, characteristically aim to consistently and clearly connect the relevant themes in the stated purpose and values to the appropriate action guidelines and criteria prescribed in relation to matters that are identified as generally or specifically important to the decision-making and management of the Company.
3. The corporate policies therefore delineate the amount of discretion that Iberdrola Group directors and employees may exercise in the performance of their duties, i.e. within a framework of respect and observance of human rights, the contribution to the achievement of the United Nations' Sustainable Development Goals (**SDGs**), compliance with Environment, Social and Governance (**ESG**) requirements, goals established by the Paris Agreement and the United Nations' 2030 Agenda for Sustainable Development. It is implicit that any action taken in adherence to these will carry a *prima facie* assumption of suitability and approval pursuant to the *Purpose and values of the Iberdrola Group* and Iberdrola's corporate interest since they are defined to contribute to and fulfil the same aims.
4. The social commitment policies are included within the Iberdrola Group's sustainable development strategy and constitute its express response to the fundamental challenges, objectives and goals in relation to the commitment to human rights, empowering women, promoting diversity, inclusion, sense of belonging, and equality amongst all participants in the business. In short, they are an expression of the Company's recognition of the value in its human and personal capital, without which progress could not be possible.
5. The Iberdrola Group's commitment to the modern social demands and requirements also extends to all those who act for or engage with the Iberdrola Group, to the extent applicable, in order to maximise the distribution of the benefit of the same to those stakeholders and the communities in which the Group operates.
6. The ideas, values and principles in these guidelines or protocols for conduct are subject to ongoing updates to adapt them to the ever-changing circumstances in which the Company and its Group operates as an established business. Accordingly, the social commitment policies contained in this Chapter Four are subject to a continuous process of review, adaptation and improvement in the context of the environment in which the Company and the Iberdrola Group carry out their business, applicable law and best practices.

In Glasgow, on 18 January 2023

The Board of Directors

## Governance & Sustainability System Chapter IV

# Social Commitment

Chapter IV of the Governance & Sustainability System consists of the following social commitment policies of the Iberdrola Group, which have been adopted by the Company (and its Group).

The *Policy on Respect for Human Rights* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *People Management Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Equality, Diversity and Inclusion Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Selection and Hiring Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Knowledge Management Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Innovation Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Quality Policy* (dated 20 December 2022) was formally adopted by the Company on 23 February 2023.

The *Corporate Security Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Policy on the Responsible Use of Artificial Intelligence Tools and Algorithms* (dated 20 December 2022) was formally adopted by the Company on 23 February 2023.

The *ScottishPower Modern Slavery Policy* (dated 11 July 2023) was formally adopted by the Company on 21 September 2023.

## POLICY ON RESPECT FOR HUMAN RIGHTS

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, and aware that respect for human rights is one of the main pillars on which the purpose and values of the Group’s companies rest and an aspect that is inextricably linked to the United Nations (UN) 2030 Agenda for Sustainable Development, the Board of Directors hereby approves this *Policy on Respect for Human Rights* (the “**Policy**”), which has been prepared taking into account the most stringent international standards.

### 1. Purpose

The purpose of this *Policy* is to formalise the commitment of the Group’s companies to the human rights recognised in domestic and international legislation and to define the principles that shall be applied within the boundary of the Group for due diligence in the area of human rights pursuant to the *Guiding Principles on Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, the principles underpinning the *United Nations Global Compact*, the *Tripartite Declaration of Principles Concerning Multinational Enterprises* and *Social Policy*, the conventions of the International Labour Organization (including convention 169), the Sustainable Development Goals (SDGs) approved by the United Nations (UN), the Company’s *Code of Ethics*, as well as such documents and texts as may replace or supplement those mentioned above.

### 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and

corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

### **3. Main Principles of Conduct**

To achieve the aforementioned goals and commitments, the following main principles of conduct that must govern the innovation strategy of the companies comprising the Group in all areas are adopted and promoted at the Group level:

- a) Identify potential impacts that the operations and activities performed by the Group's companies might have on human rights, either directly or through third parties.
- b) Have a due diligence system that identifies situations and activities with a higher risk of violating human rights, in order to develop mechanisms for the prevention and mitigation of such risk and to redress the impacts if they occur.
- c) Evaluate the effectiveness of the due diligence system on a regular basis using monitoring indicators, with a special focus on those centres of activity in which there might be a higher risk of violating human rights. This evaluation will rely on the internal control systems of the Group's companies.
- d) Report the results of the evaluation of the effectiveness of the due diligence system in its annual public information, available on the Company's corporate website.
- e) Advance a culture of respect for human rights and actions intended to promote awareness-raising in this field among its professionals within all companies of the Group.
- f) Have in place reporting and grievance mechanisms, equipped with adequate guarantees and settlement procedures, in order to respond to potential violations of human rights. These mechanisms must be sufficiently communicated both to the professionals of the Group's companies and to persons and organisations outside of the Group. To this end, appropriate internal reporting procedures regarding the issues communicated shall be defined in order to allow for an evaluation of the due diligence systems.

- g) Adopt as soon as possible such measures as may be applicable in the event of detecting any violation of human rights at the facilities of the businesses of the Group's companies or of their suppliers, and report thereon to the competent government authorities in order for them to take any appropriate action if such violation may amount to an administrative, criminal or any other type of offence.

#### **4. Human Rights Regulatory Framework**

In addition to this *Policy*, the following also form part of the Group's regulatory framework on respect for human rights:

- a) the social policies, which cater to certain needs and expectations of the Company's Stakeholders, and which particularly cover various issues relating to human rights, like occupational health and safety, equal opportunity, reconciliation and quality;
- b) the *Personal Data Protection Policy*, which guarantees the right to the protection of data of all natural persons who establish relations with the companies belonging to the Group, particularly ensuring respect for the rights to reputation and to privacy in the processing of the various categories of personal data; and
- c) the *Purchasing Policy*, which includes the perspective of the Group's companies on shared responsibility with their suppliers as regards respect for human rights, in order to increase the number of suppliers subject to sustainable development policies and standards based on a human rights strategy.

Apart from what is already established in these policies and in the Governance and Sustainability System, the companies of the Group also explicitly make the following commitments:

- a) to reject child labour, forced or compulsory labour, and any form of modern slavery, endeavouring to ensure and encouraging the elimination of such situations with regard to their suppliers and their supply chain;
- b) to respect freedom of association and collective bargaining;
- c) to respect the right to freedom of movement within each country;
- d) to not discriminate due to any condition or characteristics;
- e) to respect the rights of ethnic minorities and of indigenous peoples in the places in which they carry out their activities, and to favour an open dialogue that includes different cultural frameworks;

- f) to respect the right to the environment of all of the communities in which it operates, considering their expectations and needs; and
- g) to understand access to energy as a right related and linked to other human rights, working with public institutions in the implementation of systems for the protection of vulnerable customers and on plans to extend service to communities that lack access to energy.

## 5. Relationship with Stakeholders

As to the relationship of the Company's Stakeholders with human rights, the following must be taken into account:

- a) **Workforce:** the professionals of the Group's companies must show strict respect for the human rights recognised under domestic and international law in the conduct of their activities in all countries in which the Group operates, and shall particularly endeavour to ensure compliance with this *Policy* and with the regulatory framework for human rights at the Group level. All professionals of the Group's companies are expected to act as a first line of defence for human rights, reporting any potential impact thereon or any breach of the Group's corporate policies through the channels activated by the Group's companies within their respective internal reporting systems to which reference is made in the *Compliance and Internal Reporting and Whistleblower Protection System Policy*.
- b) **Suppliers:** must also show strict respect for the human rights recognised under domestic and international law in the conduct of their activities. The Company believes that its suppliers are a key ally for compliance with this *Policy* and thus assume a shared responsibility with the companies of the Group. In particular, suppliers and their professionals must: (i) adopt such measures as may be needed to eliminate all forms or types of forced or compulsory labour and any form of modern slavery within their organisation, as well as promote the adoption thereof within their supply chain; (ii) expressly reject the use of child labour in their organisation as well as within their supply chain; (iii) respect their workers' freedom of trade association and right to collective bargaining by their professionals, avoiding all discriminatory practices due to any condition or characteristic in connection with employment and labour; and (iv) set the salaries of their professionals in accordance with applicable law, respecting minimum salaries, overtime and social welfare benefits.
- c) **Society in general:** operations within the boundary of the Group must strengthen respect for the rights of ethnic minorities and of indigenous peoples in the places in which it carries out its activities and favour access to energy.

- d) In the case of investment partners with operational control over facilities in which the Group's companies have an interest, the alignment of their own policies with this *Policy* shall be promoted through its representatives on the management bodies.

## **6. Implementation and Update**

The Company may draw on specialised external advice in order to conform the Group's operating procedures to the main principles of conduct set forth in this *Policy* and, if necessary, to monitor the *Policy* and update the text hereof.

The Company's Board of Directors, through the Sustainable Development Committee, will receive periodic information on the measures and procedures adopted within the Group to implement and monitor the provisions of this *Policy*.

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This *Policy* was initially approved by the Board of Directors on 17 February 2015 and was last amended on 20 June 2023.

## PEOPLE MANAGEMENT POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, and aware that the workforce is a strategic asset and key element for achieving the purpose and putting into practice the values set forth in the *Purpose and Values of the Iberdrola Group*, the Board of Directors hereby approves this *People Management Policy* (the “**Policy**”).

### 1. Purpose

The purpose of this *Policy* is to define, design and disseminate a model for the management of resources and human capital in order to attract, develop and retain talent, as well as to encourage the physical, mental and emotional well-being of the workforce through their personal and professional growth, making them participants in the successful business enterprise of the Group’s companies and guaranteeing them a dignified and stable job within a diverse and inclusive environment.

People fundamentally determine the difference between competitive companies and those that are not, and between those that sustainably create value and those that gradually lose their capacity to generate wealth. In this regard, it is essential that companies define, design and disseminate a management model that promotes not only the physical and mental well-being of their professionals, but also an adequate, pleasant, satisfactory and stimulating working environment that generates confidence and motivation, which will promote the professional and personal development of the workforce and result in greater creativity and productivity, thus contributing to the achievement of business objectives.

It is therefore important when making decisions to consider the impact on the working environment and on the physical, mental and emotional well-being of professionals.

Well-being initiatives tailored to business needs reduce absenteeism, increase job satisfaction, employee engagement and talent retention, stimulate the generation and discussion of ideas, advance innovation and motivation, and increase the sense of belonging to the company.



The key principles for the care and development of the workforce are considered to be the design and implementation of frameworks for the management of the resources, human capital and labour relations that allow all professionals to share in the success of all of the companies making up the Group, that promote the economic and social development thereof, thereby contributing to compliance with goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), and that further the objectives of competitiveness and business efficiency.

In particular, this *Policy* provides guidelines for conduct with respect to: (i) the selection of professionals; (ii) the creation of stable and high quality employment within a diverse and inclusive environment; (iii) the building of stable relationships with the workforce; (iv) workplace safety and health; (v) reconciliation between personal and working life; (vi) the management and promotion of talent and training; and (vii) the promotion and encouragement of well-being.

The management of resources, human capital and labour relations must be informed by respect for the human and labour rights recognised by domestic and international law, diversity and inclusion, equality of opportunity and non-discrimination, as well as by the alignment of the interests of the professionals with the strategic objectives established at the Group level.

This *Policy*, the text of which is consistent with the provisions of the *Policy on Respect for Human Rights*, and particularly with labour rights, is further developed through the following policies: the *Equality, Diversity and Inclusion Policy*, the *Selection and Hiring Policy*, the *Knowledge Management Policy*, the *Occupational Safety and Health Risk Policy* and the *Senior Management Remuneration Policy*.

## **2. Scope of Application**

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of

directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

### **3. General Principles of Conduct**

In order to achieve the aforementioned objectives, the companies of the Group adopt and promote the following general principles of conduct that must inform the management of human capital:

- a) An appropriate framework of labour relations and of agreed mechanisms to bring the organisation into line with corporate and social requirements, promoting the objectives of competitiveness and business efficiency.
- b) Design of a job offering of value that favours the selection, hiring, promotion and retention of talent, consisting of competitive remuneration and a diverse and inclusive work environment that facilitates reconciliation between personal and working life and promotes the professional growth of the workforce of the Group's companies. This professional growth must be based on objective performance standards, equal opportunity and a commitment to the *Purpose and Values of the Iberdrola Group* and to the business enterprise established at the Group level.
- c) The development of consistent processes for the management of resources and human capital that progress in the implementation of a talent culture in all of the territories or countries in which the companies of the Group do business, respecting local characteristics and particularities and the special framework of strengthened autonomy of the listed country subholding companies.
- d) The definition as a strategic objective of the conduct of labour relations based on equal opportunity, particularly between genders, non-discrimination, and the consideration of diversity and inclusion in all variables thereof, pursuant to the *Equality, Diversity and Inclusion Policy*. Measures must also be promoted to facilitate the effective integration of disadvantaged groups and persons with disabilities and to achieve a good working environment that allows professionals to reconcile personal and working life, complying with the law applicable in each territory or country and following best international practices.
- e) The consolidation of stable and quality jobs.

- f) A remuneration system that allows for the attraction and retention of the best professionals and for the alignment of their objectives with those established at the Group level.
- g) Appreciation of the contribution of all professionals to the creation of value for the companies of the Group and to the growth thereof.
- h) Recognising and valuing family and personal connections among the professionals of the Group's companies, a necessary consequence of their strong local roots within the communities in which they have historically done business, and establishing specific measures ensuring that there is no favouring of or discrimination against professionals in hiring and internal promotion processes based on such connection, and that there is no violation of the principle of equal opportunity.
- i) Guaranteeing that the processes of selecting, hiring and promoting professionals of the companies of the Group endeavour to ensure that all of its professionals are persons who are respectable and competent, aligned with the provisions of the *Purpose and Values of the Iberdrola Group* and with the principles of and commitments assumed in the *Code of Ethics*, assessing their background and rejecting those who, in view of their personal record, lack the required competence. All without prejudice to respect for identity and individual beliefs, as established in the *Equality, Diversity and Inclusion Policy*.
- j) A work environment that is safe and healthy within the companies of the Group and within their spheres of influence.
- k) Fostering and promoting well-being at work, caring for and offering a suitable, pleasant, satisfactory and stimulating working environment that generates confidence and motivation among professionals, as well as their commitment to the values of the Group's companies.

#### **4. Instruments**

The companies of the Group have the following instruments to achieve the above objectives:

- a) Resources and human capital policies: this *Policy*, the *Equality, Diversity and Inclusion Policy*, the *Selection and Hiring Policy*, the *Knowledge Management Policy*, the *Occupational Safety and Health Risk Policy* and the *Senior Management Remuneration Policy*.

- b) The Company's Personnel and Services Division (or such division as assumes the duties thereof at any time), the main objective of which is to standardise the guidelines for the management and promotion of talent within the framework of the Group, bearing in mind the different social and labour circumstances of the territories in which it operates, and with the support of the resources and human capital divisions at the various companies of which it is composed, which are responsible for implementing and monitoring human resources policies and strategies.

To meet this objective, the Company's Personnel and Services Division (or such division as assumes the duties thereof at any time) may create specialised global committees in areas like the selection and hiring of professionals, training, remuneration systems and social-welfare benefits, which will act in coordination with any local committees that the resources and human capital divisions of the country subholding companies decide to create.

- c) The Company's Diversity and Inclusion Division (or such division as assumes the duties thereof at any time), which is responsible for the implementation, monitoring and verification of compliance with the *Equality, Diversity and Inclusion Policy*;
- d) Collective bargaining agreements or specific equivalent agreements to govern aspects relating to human resources management, as well as the existing specific monitoring mechanisms.
- e) Channels for dialogue and communication with the professionals of the Group's companies, and particularly mixed subcommittees or committees with professionals, labour climate or satisfaction surveys, meetings with the executive chairman and the members of senior management, specific meetings, the corporate website and the various intranets of the Group's companies.
- f) International mobility programmes aligned with the Group's Business Model to favour the exchange of experiences and knowledge, professional development and the promotion of talent, and the firm establishment of a Group-level culture.
- g) Training programmes that foster the development of intellectual capital and the promotion of professionals within the companies of the Group.
- h) A specific programme for the training and monitoring of management personnel fostering internal promotion and ensuring the orderly succession in senior management positions and other key positions within the Company and the other companies of the Group.

- i) Occupational risk prevention programmes and processes and a global workplace safety and health system based on defined standards applicable to all companies of the Group.
- j) Guidelines and programmes to promote physical, mental and emotional well-being and a healthy, safe, pleasant, diverse and inclusive working environment that fosters the personal and professional development of the workforce of the Group's companies and addresses their global training concerns.

## **5. Main Principles of Conduct in connection with Equality, Diversity and Inclusion**

The *Equality, Diversity and Inclusion Policy* further develops the objectives and principles on these matters at the Group level, which can be summarised in the following:

- a) respect for diversity among the professionals of the Group's companies, promoting non-discrimination;
- b) development of the principle of equal opportunity, the observance of which is one of the basic pillars of professional development, and entails the commitment to provide and show equitable treatment that promotes the personal and professional progress of the workforce, keeping professionals with family or similar personal connections from holding posts directly reporting –either hierarchically or functionally– to the professionals with which they are connected, among other issues; and
- c) promotion of gender equality, especially as regards access to employment, professional training and promotion, and working conditions.

The Company endeavours to ensure that the processes related to the selection, hiring, management of labour relations, training and promotion of professionals in which artificial intelligence is used, and especially the algorithms used, do not suffer from biases that violate these objectives and principles or prevent the verification thereof due to limitations on transparency and/or tracking of results pursuant to the provisions of the *Policy on the Responsible Use of Artificial Intelligence Tools and Algorithms*.

## **6. Main Principles of Conduct in connection with the Selection and Hiring of Professionals**

As further developed in the *Selection and Hiring Policy* and in the *Equality, Diversity and Inclusion Policy*, the main principles of conduct in connection with selection and hiring

are:

- a) develop a global framework for standardising talent recruitment, selection and hiring procedures within the companies of the Group;
- b) endeavour to ensure that selection and hiring processes are objective and impartial, and that the process of selecting family members of professionals of the Group's companies or persons with another similar personal connection does not involve the participation of the workforce members to whom they are connected;
- c) encourage the access of young people to their first job through scholarship programmes, programmes for graduates and other agreements;
- d) provide candidates with an attractive and comprehensive job offer of value that favours the selection and hiring of the best professionals;
- e) favour the hiring of professionals from excluded groups and of persons with disabilities;
- f) the Group's companies must offer value based upon equal opportunity, diversity and inclusion and be made up of competitive remuneration, a broad offer of professional training and development, a healthy, safe, diverse and inclusive work environment, contribution to the business enterprise, and measures that facilitate reconciliation between personal and working life;
- g) promote the hiring of its professionals using stable contracts; and
- h) standardise working conditions and the benefits received by part-time and full-time professionals.

## **7. Main Principles of Conduct in connection with the Management and Promotion of Talent and Training**

Talent management and promotion are key aspects to improve the Company's position vis-à-vis its competitors, and their aim is the definition of a framework to develop a global quality management system, involving all professionals of the Group's companies.

In the process of analysis and deliberation prior to the adoption of its resolutions, the Board of Directors generally gives special consideration to the impact that its decisions might have on the talent management and promotion strategy at the Group level.

The Company also works continuously to configure a value offering addressed to its professionals that favours the selection, hiring, promotion and retention of talent.

One of the basic aspects of global talent management at the Group level is the encouragement of training in accordance with the following main principles of conduct:

- a) Establishment of a conceptual framework that includes all training actions designed to promote the qualification of the workforce, aligning it with a diverse, inclusive and multicultural work environment, open to cultural changes, expanding the principles set out in the *Purpose and Values of the Iberdrola Group*, creating value at the Group level and promoting the sustainable development of the businesses.
- b) Implementation of training programmes and plans that support advanced professional training for the performance of the job, adjustment to technological and organisational changes, adjustment of the workforce to the requirements of the Group's companies and greater capacity for professional development. In particular, these training programmes and plans should facilitate processes of knowledge refreshment and ongoing reconversion of skills, so that technologies, innovation and training make up an interactive triangle that operates to advance sustainable competitiveness at the Group level.
- c) Envisioning training as a key element of professional qualification and development, and as a gateway to opportunities for promotion within the boundary of the Group.
- d) Ensuring that training programmes include aspects relating to respect for human rights, diversity and inclusion and foster a culture of ethical conduct, without exclusionary or discriminatory biases. These programmes must be comprehensive, such that the technical, social and human aspects are considered as a whole in order for professionals to develop in their work not only the best qualifications, but also the principles and values to be promoted with society at the Group level.
- e) Dissemination and sharing of the knowledge existing within the Group's companies, ongoing learning and cultural exchange, so as to boost efficiency through the appropriate use of intellectual capital, in accordance with the provisions of the *Knowledge Management Policy*.

## **8. Main Principles of Conduct in connection with Performance and Development Evaluations**

Evaluations of the professionals and communication of the results thereof to those evaluated are an essential aspect of their professional training. The main principles of

conduct in this area are as follows:

- a) perform periodic evaluations of the performance of the professionals of the Group's companies based on objective standards;
- b) communicate the results thereof to the employees evaluated, so as to favour their professional development, contributing to the creation of a feedback culture; and
- c) in the process of salary evaluation or review, avoid direct participation by professionals who are family members or who have a similar personal connection with the professionals involved.

#### **9. Main Principles of Conduct in connection with the Remuneration System**

The companies of the Group consider it a priority for the remuneration system to promote the strengthening of its human capital, as the main factor differentiating it from its competitors. The main principles of conduct informing the remuneration systems of the Group's companies are:

- a) favour the attraction, hiring and retention of the best professionals;
- b) maintain consistency between strategic positioning at the Group level and its development, its international and multicultural reality, as well as its objective of excellence;
- c) recognise and reward the dedication, responsibility and performance of all its professionals;
- d) adjust to the various local circumstances in which the different companies of the Group operate; and
- e) be and stay at the forefront of the market, consistently with the position achieved by the Company and the other companies of the Group.

#### **10. Main Principles of Conduct in connection with the Reconciliation of Personal and Working Life**

Achieving an effective work/life balance for professionals is a priority at the Group level, which is implemented through the following main principles of conduct:

- a) implement measures of reconciliation that promote respect for the personal and family life of professionals and facilitate the achievement of an optimal balance



between the latter and work responsibilities;

- b) establish effective ways to make flexible the conditions for providing services, especially with regard to time and place of work, and which allow for the better adjustment thereof to the various situations that may arise in the private life of professionals;
- c) maintain commitments to external institutions, making an effort to honour the commitments assumed in order to obtain and maintain all certifications and awards given to the Group's companies in connection with reconciliation and equality;
- d) favour the hiring of those suppliers that have internal measures favouring the reconciliation of personal and working life of their personnel; and
- e) address with due measures of reconciliation, among others, the situations of single, married, domestically partnered, divorced, separated, widowed and plurally cohabiting persons, with or without children, and with any other particular family or emotional circumstances, including the specific bond arising with animal companions, as living sentient beings.

#### **11. Main Principles of Conduct in connection with Respect for Private Life and Digital Disconnection**

The most recent organisational dynamics and the implementation of new technologies promote organisational efficiency, but at the same time blur the limits between the time dedicated to work and private life. As set forth in this *Policy*, the priority of the Group's companies is for their professionals to be able to fully develop their personal life in a way that is compatible with, and enriches, their work activities.

For these purposes, this *Policy* establishes certain guidelines that allow for the effective separation of the personal and work spheres, with special attention paid to the disconnection from digital devices, without favouring or discriminating against professionals, based on the following main principles of conduct:

- a) Promote the most appropriate digital disconnection guidelines intended to encourage respect for rest time and facilitate the full development of a professional's personal life outside working hours and with the least possible interference from their professional obligations, which should only occur when the need is justified.
- b) Establish the standards for disconnection, which should take into account the specific situation of the different groups of professionals, particularly including: (i)

those who must make themselves particularly available due to their high level of responsibility, their engagement in work covering territories in different time zones, or their state of preparedness to meet unpredictable needs, and (ii) those who engage in their work completely or predominantly from a distance, and particularly from their homes.

In this latter case, standards should be defined to ensure full respect for personal life and disconnection from work responsibilities, without prejudice to the business powers to control work and the required flexibility in working hours.

These guidelines for disconnection should be diverse based on the responsibilities of the different workforce groups and should cover the multiple and varied digital communication and information instruments supplied to professionals for the performance of work, particularly mobile devices, computers and tablets enabled for remote work or that receive professional e-mails.

## **12. Global Workplace Safety and Health System**

Recognising the importance of workplace safety and health risks, the Board of Directors commits to taking the actions required to provide safe and healthy conditions for the prevention of work-related injuries and physical or mental health impairments that are suited and adjusted to the purpose, size and context of each organisation and to the specific nature of the risks for professionals within the Company and the other companies of the Group, as well as in its spheres of influence, thereby contributing to the achievement of goals three and eight of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

The *Occupational Safety and Health Risk Policy* is intended to establish a common framework for the control and monitoring of workplace safety and health risks within the general guidelines determined in the *General Risk Control and Management Policy*, and contains the main principles of conduct of the Group's companies in this area.

Group-level commitments in this area are advanced through a number of instruments, including the development and implementation of a system of global standards for physical and mental safety and health, including emotional and social well-being, that determine minimum levels and ensure the harmonisation of the standards applied at all companies of the Group.

All of the foregoing such that the various levels of the organisation are aware of the importance of workplace safety and health in the planning and subsequent implementation of the actions of the Group's companies, and that all professionals

contribute with their daily work to the achievement of the goals set in this field.

### **13. Main Principles of Conduct in connection with Well-Being**

In line with the encouragement and promotion of well-being among professionals, the Company will provide them with tools and protocols to minimise the possibility of burnout, work-related stress or anxiety, as well as means to enable them to generate resilience in the face of adversity, whether work-related or personal.

The main principles of conduct that shall guide the Group's companies in this area are:

- a) recognise that the work culture and environment contribute significantly to the ability of professionals to make healthy lifestyle choices, as well as to raise awareness of the importance of physical health in the personal and professional sphere;
- b) advocate for a healthy lifestyle that is not limited to the occurrence of disease, but promotes physical, mental and emotional well-being, encouraging professionals to regularly engage in physical activity and reduce sedentary practices, providing access to healthy food choices, assisting in the process of avoiding bad habits, and promoting motivating work environments;
- c) prepare co-working spaces that facilitate collaboration and interaction among the professionals of the Group's companies, that stimulate the raising and discussion of initiatives and ideas, and that engage them in the activities of the Group's companies;
- d) promote team-building actions aimed at generating a pleasant, stimulating and trusting atmosphere among professionals, improving existing links with the goal of creating a cohesive and motivated team; and
- e) facilitate access to physical, mental and emotional health initiatives by promoting choices that improve collective health.

### **14. Work Ethics**

The Board of Directors has approved a *Code of Ethics* that sets forth the main principles of conduct required of the various companies of the Group and of all their professionals and management team, regardless of their job category, their geographic or functional location, or the company of the Group at which they work, except in the case of professionals of listed country subholding companies that have approved their own *Code*

*of Ethics* in accordance with their internal rules, and the dependent companies thereof, to which this latter code shall apply.

The Compliance Unit has the duty to disseminate, interpret and inform the appropriate bodies of the level of compliance with the *Code of Ethics*.

The compliance units of the Group's companies shall apply the *Code of Ethics* (or the specific code of their country subholding or head of business company) within their respective purviews.

## **15. Main Principles of Conduct in connection with Corporate Volunteerism**

The companies of the Group shall develop corporate volunteering programmes and campaigns that promote the participation of their professionals in community service actions, the goal of which is to put into practice the provisions of the *Purpose and Values of the Iberdrola Group* and the *General Sustainable Development Policy* as regards improving the quality of life of people, looking after the environment and sustainable development, as well as universal access to energy and the elimination of hunger, including collection campaigns that seek to respond to social needs. These corporate volunteering campaigns and programmes are thus an additional means for contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

Said programmes and campaigns shall be guided by the following main principles of conduct:

- a) contribute to social well-being and community service;
- b) strengthen a sense of belonging to the Group and improve the labour climate;
- c) contribute to the ethical training of professionals, channelling their spirit of community service to the benefit of the communities in which the Group's companies are present; and
- d) promote the values of participation, commitment, responsibility and teamwork.

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This *Policy* was initially approved by the Board of Directors on 17 February 2015 and was last amended on 20 June 2023.

## EQUALITY, DIVERSITY AND INCLUSION POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, aware of its commitment to the workforce as its main strategic asset and the key to its business success, and in accordance with the provisions of the *People Management Policy*, the Board of Directors hereby approves this *Equality, Diversity and Inclusion Policy* (the “**Policy**”).

### 16. Purpose

This *Policy* seeks to create a good environment that facilitates and strengthens equal opportunity, non-discrimination, diversity and the inclusion of the professionals of the companies belonging to the Group, thus adopting a people management model committed to professional excellence and quality of life, all in accordance with applicable law in each country and following best international practices, including the provisions of the Sustainable Development Goals (SDGs) approved by the United Nations (UN) in these areas.

Equal opportunity constitutes one of the basic pillars of professional progress, and the development thereof entails equitable treatment to promote the personal and professional progress of the workforce of the Group’s companies.

Diversity covers the set of characteristics that make people unique and singular, that is, the richness that each person contributes thanks to their variety, including visible and non-visible traits.

Inclusion, on the other hand, refers to how differences between individuals are valued and opportunities are generated so that everyone can realise their full potential. In other words, a conscious strategy that focuses on developing the structures, systems, processes and culture that generate respect for the individual characteristics of all people within the organisation, while also promoting a sense of belonging that makes them feel valued and part of a group or community.

### 17. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

## **18. Main Principles of Conduct in connection with Equal Opportunity**

To achieve the aforementioned objectives and commitments in the area of equal opportunity, the following main principles of conduct that must govern the labour relations of the companies making up the Group are adopted and promoted at the Group level:

- a) Guarantee the quality of employment as a fundamental means to promote equal opportunity and non-discrimination, fostering the maintenance of stable and high-quality jobs, with fair salaries and occupational contents that guarantee a continuous improvement in the abilities and skills of professionals.
- b) Implement the principle of equal opportunity in the workplace, the observance of which is one of the basic pillars of professional development, and which entails the commitment to provide and show equitable treatment that promotes the personal and professional progress of the workforce of the Group's companies in the following fields:
  - 1. Promotion, professional development and remuneration: value such knowledge and skills as are required to perform a job, through the evaluation of goals and performance.

In particular, both when making individual proposals for goals and in the assessment of performance and of any salary increases, standards of equal opportunity, non-discrimination and respect for diversity shall be taken into account. Along these lines, equal treatment shall be promoted to encourage the personal and professional progress of the workforce of the Group's companies in a way that recognises the knowledge and skills required for each job, the contribution of professionals to the creation of value, as well as dedication and responsibility in the performance of their duties.

2. Selection: choose the best professionals by means of selection tools and systems based on the knowledge and abilities of the candidates.
  3. Hiring: not establish discriminatory salary differences and ensure appropriate integration of professionals within the company, workgroup and position.
  4. Training: ensure the education and training of all professionals in the knowledge and skills required for the proper performance of their work.
  5. Support for professionals with disabilities, promoting their effective employment.
  6. Promotion of transparent communication, encouraging innovation and providing professionals the independence they need in the performance of their duties.
  7. Elimination of any actions contrary to equal opportunity.
- c) Promote gender equality within the boundary of the Group, complying with applicable law in each country and following the best international practices, as well as the provisions in this regard of goal five of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), particularly as regards access to employment, professional training and promotion, and working conditions, and for these purposes:
8. Reinforce the commitment of the Group's companies to gender equality both within the organisation and in society, and raise awareness on this topic in both spheres.
  9. Guarantee the principle of equal opportunity in professional development, removing any obstacles that may hamper or limit a professional career by reason of gender.

10. Propose affirmative action measures in order to correct inequalities that appear and to promote access by the less represented gender to positions of responsibility in areas in which it is underrepresented or not present.
  11. Strengthen mechanisms and procedures for selection and professional development that facilitate the presence of the less represented gender with the required qualifications in all areas of the organisation in which it is underrepresented. This includes, among other things, through the implementation of specific training and professional development monitoring programmes for women that promote the Group's companies having a significant number of female senior managers.
  12. Strive to achieve a balanced representation within the various decision-making bodies and levels, guaranteeing participation in all consultative and decision-making areas of the Group's companies on the basis of equal opportunity.
  13. Promote the organisation of working conditions with a gender perspective, allowing for the reconciliation between personal and working life of all professionals employed by the Group's companies to favour gender equality, ensuring the elimination of all gender-based discrimination;
  14. Protect pregnancy, childbirth and post-delivery as specific situations of the female professional group, avoiding negative repercussions thereof on their professional career.
  15. Protect pre-adoption and adoption, avoiding negative repercussions thereof on their professional career.
  16. Promote programmes of collaboration with educational institutions to encourage the presence of the less represented gender in careers and training programmes relating to the businesses carried out by the Group's companies in which the presence of one of the genders is substantially lower than that of the other; and
  17. Collaborate in the fight against gender violence through the establishment of specific programmes that include measures of protection, support and information, in order to accompany and protect the victims of gender violence.
- d) Standardise working conditions and the benefits received by part-time and full-time professionals.



- e) In the establishment of working conditions, respect the principle of equal working conditions for jobs that involve the same demands and have the same value.
- f) Exclude prejudices that may exist with respect to persons whose social, cultural or educational status does not correspond to models traditionally considered to be standard or customary, and which may unduly inhibit professional progress based on the merit and ability of people.
- g) Endeavour to ensure that design of the processes relating to the selection, hiring, management of labour relations, training and promotion of professionals in which artificial intelligence is used is governed by the principal of equal opportunity, upon the terms described in the preceding sections, and especially that the algorithms used, do not suffer from biases that violate the main principles of conduct assumed at the Group level in this area due to their design or the actual results of their implementation, or prevent the verification thereof due to limitations on transparency or tracking of results, pursuant to the provisions of the *Policy on the Responsible Use of Artificial Intelligence Tools and Algorithms*.

#### **19. Main Principles of Conduct in connection with Diversity and the Promotion of Inclusion**

To achieve the aforesaid objectives and commitments relating to diversity and the promotion of inclusion, the following main principles of conduct that must govern the Group's labour relations are adopted and promoted at the Group level:

- a) Ensure non-discrimination among its professionals and positioning against any conduct or practice associated with prejudice on grounds of nationality, ethnic origin, skin colour, marital status, family responsibilities, religion, age, disability, social status, health, gender, sexual orientation, gender identity and expression, or any other condition or characteristic of a person that is not related to the requirements to perform their job.
- b) Promote the contribution of the knowledge, experiences and abilities of all professionals of the Group's companies, regardless of any personal or social conditions or circumstances.
- c) Foster a sense of inclusion within the Group that seeks to ensure that all professionals are considered part of the business enterprise and of its role in the local, national and international community. It is thus sought that the Company's values, principles and objectives are assumed as their own by the workforce of the Group's companies and that their contribution to them is perceived as an essential

component of not only professional but also personal development.

- d) Recognise the coexistence of different generations as a source of continuous enrichment, due to their diverse skills and approaches, for both professionals and for the various businesses and corporate areas, and as a decisive contribution to the adaptation of the services provided by the Company to the needs of the communities in which it does business.
- e) Take into consideration that certain physical or intellectual disabilities that might be an obstacle for performing some tasks in fact represent significant added value in other duties. In any case, not identify such circumstances in advance and without justification as obstacles to proper integration in the workplace.
- f) Recognise that the international character of the companies making up the Group and the contribution made thereto by people of different origins, races or ethnicities represents a permanent and decisive source of enrichment at the Group level, which is preserved and encouraged.
- g) Promote information and communication with the various communities in which the companies of the Group do business so that they are thought of as an ideal place for professional development of the various groups of which they are comprised from the viewpoint of their commitment to diversity and inclusion.
- h) Ensure that selection and hiring processes are based on neutral and objective standards of merit and ability, while establishing specific actions to promote the inclusion of groups with less easy access to the labour market.
- i) Address with due measures of integration, among others, the situations of single, married, domestically partnered, divorced, separated, widowed and plurally cohabiting persons, with or without children, and with other particular family and emotional circumstances, including the specific bond arising with animal companions, as living sentient beings.
- j) Ensure that decisions on professional promotion and professional development are based on equitable criteria, eliminating from all business decisions in this regard reasons, grounds or consequences detrimental to diversity, promoting the proper inclusion of all groups of professionals.
- k) Ensure that, in the training of each professional, regardless of the group to which the professional belongs, the professional is provided with sufficient knowledge, aptitudes and skills for the appropriate performance of the professional's work,

while providing for specific actions in such training from the perspective of accepting diversity and rejecting discrimination.

- l) Encourage the use of inclusive language in all types of internal and external corporate communications, and in any case eradicate the use of discriminatory language.
- m) Maintain an environment that is free from workplace violence, intimidation and harassment in all its forms, including sexual and gender-based harassment, ensuring the establishment of agile and effective reporting channels and attention to alleged victims.
- n) Constantly develop awareness-raising policies for the professionals within the companies of the Group, especially those with management responsibilities, so that they value and promote the contribution that diversity represents for the Company.
- o) Include within leadership programmes behaviours that encourage better decision-making and a diversity-based culture, as well as an internal communications strategy that can convey plurality and inclusiveness at the Group level.
- p) Facilitate internal mobility and interaction within the organisation to create networks of contacts and teams that take advantage of multiculturalism, and constantly monitor and update management processes and procedures so that contacts and teamwork enhancing diversity and inclusion take place.
- q) In line with the *Policy on Respect for Human Rights*, guarantee the internationally established rights of freedom of association in order to preserve the choice of each person in their relationship with trade unions and the conduct of these organisations in the defence of their legitimate interests.
- r) Endeavour to ensure that the design of the processes in which artificial intelligence is used, and especially the algorithms used, do not suffer from biases that violate Group-level objectives and commitments regarding diversity and the promotion of diversity due to their design or the actual results of their implementation, or prevent the verification thereof due to limitations on transparency or tracking of results pursuant to the provisions of the *Policy on the Responsible Use of Artificial Intelligence Tools and Algorithms*.

## **20. Instruments**

In order to achieve the objectives set out in this *Policy*, the Company and the Group have

a Diversity and Inclusion Division of the Company (or such division as assumes the duties thereof at any time) that is responsible for implementing, monitoring and verifying compliance with this *Policy*.

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This *Policy* was initially approved by the Board of Directors on 16 December 2008 as the *Equality and Reconciliation Policy*. Subsequently, as a result of the Company's pioneer spirit and the process of ongoing review of the Governance and Sustainability System, it approved a *Diversity and Inclusion Policy*. On 19 April 2021, the Company's Board of Directors approved the consolidation of the *Diversity and Inclusion Policy* and the *Equal Opportunity and Reconciliation Policy*, creating this single policy, which was last amended on 20 June 2023.

## SELECTION AND HIRING POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, aware that the strategic goals at the Group level could not be achieved without the support of a well-qualified, diversified and motivated workforce, and in compliance with the provisions of the *Purpose and Values of the Iberdrola Group*, the Board of Directors hereby approves this *Selection and Hiring Policy* (the “**Policy**”), the text of which shall be interpreted in accordance with the *Equality, Diversity and Inclusion Policy* and is consistent therewith.

### 1. Purpose

The purpose of this *Policy* is to further the contribution to Sustainable Development Goals (SDGs) five and eight approved by the United Nations (UN), promoting economic and sustainable growth, as well as equality of opportunity in all of the selection and hiring processes of the Group’s companies.

The success of the business enterprise is critically dependent upon attracting, selecting and retaining the best talent in order to engage professionals with the skills, knowledge, abilities and behaviour reflected in the *Purpose and Values of the Iberdrola Group* and in the *Code of Ethics*, thus attending to current and future needs of the Group’s companies, all in accordance with applicable law and the best professional practices.

### 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and

corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

### **3. Main Principles of Conduct**

To achieve the aforementioned goals, the following main principles of conduct that must govern the selection and hiring activities of the companies comprising the Group are adopted and promoted at the Group level:

- a) develop an overall framework to harmonise talent recruitment, selection and hiring procedures within the companies of the Group that guarantees the ability to integrate, motivate and retain the best talent, as well as to uphold the legal and ethical principles expected from a trusted company, consistent and aligned with the *Purpose and Values of the Iberdrola Group* and with the principles of the *Code of Ethics*. For these purposes, said overall framework must:
  - comply with applicable labour laws in each country;
  - valuing and promoting internal talent;
  - establish the conduct necessary to eliminate biases and barriers that prevent equal access to professional opportunities;
  - ensure that selection is carried out exclusively on the basis of merit and capability, including all candidates meeting the knowledge, aptitudes, abilities and skills profile required for the various positions and guaranteeing equal treatment throughout the process; and
  - guarantee absolute confidentiality to all candidates, in accordance with personal data protection laws and regulations;

- b) take care that the selection and hiring processes are objective and impartial and that the hiring of the most qualified candidates is prioritised, avoiding any interference in the selection processes;
- c) ensure that during the talent recruitment and selection process, candidates are provided with an experience that prioritises clear communication, frequent feedback, an efficient process and a reliable infrastructure;
- d) encourage the access of young people to their first job through scholarship programmes, programmes for graduates and other agreements;
- e) present to the candidates an attractive and comprehensive job offer of value based on equal opportunity, diversity and inclusion, and made up of competitive remuneration, a broad offer of professional training and development, a healthy, safe, diverse and inclusive work environment, contribution to the business enterprise, and measures facilitating reconciliation between personal and working life, seeking for the experience of the candidates during the selection process and their subsequent integration within the companies of the Group to be completely satisfactory;
- f) promote the hiring of its professionals using stable contracts;
- g) communicate the purpose and values of the Group's companies to the candidates and respond to their concerns relating to the selection process; and
- h) favour the hiring of people from groups that are excluded or with less easy access to the labour market, and those with disabilities.

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This *Policy* was initially approved by the Board of Directors on 11 March 2008 and was last amended on 20 June 2023.

## KNOWLEDGE MANAGEMENT POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, aware that intellectual capital constitutes a basic pillar for the creation and protection of the Company’s value, and in compliance with the provisions of the *Purpose and Values of the Iberdrola Group*, the Board of Directors hereby approves this *Knowledge Management Policy* (the “**Policy**”).

### 1. Purpose

The purpose of this *Policy* is to establish guidelines for the dissemination and sharing of existing knowledge within the boundary of the Group and promote continuous learning and cultural exchange, so as to enhance operational efficiency through the proper use of intellectual capital and encourage initiatives, procedures and tools that allow for the actual and effective use of this intellectual capital, always furthering the interests of the Company and of the companies belonging to the Group, without prejudice to specific policies that may be established at particular companies of the Group.

In a world in which traditional production assets are ever more accessible, intellectual capital is the asset that marks the differences between companies that are competitive and those that are not; between companies that sustainably create value and those that gradually lose their capacity to generate wealth; and between companies that are able to act as a lever for social change and transcend purely financial objectives.

The intellectual capital of the Company depends to a large extent on all of its people, but also depends on its operational and organisational structures and on internal and external relations with all Stakeholders. Organisational and personal training must therefore be permanent and ongoing, and must be in line with the strategy established at the Group level.

### 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law. Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.



This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

### **3. Main Principles of Conduct**

To achieve the aforementioned goals, the following main principles of conduct that must inform all of the knowledge management activities of the companies that make up the Group are adopted and promoted at Group level:

- a) Think of the Group as a system made up of connections among people and working groups as a key lever for talent development. The knowledge of each person or group must be identified and accessible to all, generating a multiplier effect, so as to produce knowledge-based operational leverage. For this reason, it is especially important to identify where critical knowledge resides within the organisation.
- b) Recognise the value of the existing knowledge within the Group's boundary and boost its development as a key value-creation tool, promoting a business culture that encourages the dissemination of this knowledge.
- c) Promote working methods and environments that favour the sharing of ideas and knowledge.
- d) Structure an intelligent organisation, with the capacity for ongoing learning, innovation and digital transformation.
- e) Recognise different forms of knowledge and promote diverse and inclusive knowledge.
- f) Establish a line of work to constantly improve the initiatives and the application thereof at all of its business units.
- g) Align knowledge management with the skills and requirements set out in the strategy established at the Group level.
- h) Define the required models of management, measurement, processes, systems and documentation by integrating the vision of the various business units in order to understand and develop mechanisms to ease the flow of knowledge within the existing organisational structure, within a secure environment. This allows for the sharing of experiences and ensures that constant attention is given to the operation of the organisation as a whole, thus contributing to the achievement of goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).
- i) Foster the sharing of the existing knowledge within the Group's boundary to the greatest extent possible, putting in place the necessary resources to enable the development and

internal dissemination thereof through communication, awareness-raising and training, as well as the efficient use thereof. This shared intelligence is creative and innovative, and greater than the mere sum of the individual intellectual capabilities involved, thus multiplying internal talent. Emphasis will be placed on the creation and enhancement of organisational connections (networks), as well as on team cohesiveness, in line with the values established at the Group level.

- j) Evaluate the intellectual capital existing at the Group's companies in a consistent and sustained manner over time, in order to be able to assess the effectiveness of the initiatives implemented under this *Policy*, correct defects and develop new activities.
- k) Implement actions for improvement to bring the Group's companies ever closer to excellence in knowledge management.
- l) Preserve the financial value that knowledge and business information represent for the companies of the Group, thereby protecting their businesses and, consequently, the value of the Iberdrola brand.
- m) Respect the intellectual and industrial property rights of third parties in the management of knowledge.

\* \* \*

This *Policy* was initially approved by the Board of Directors on 16 December 2008 and was last amended on 20 June 2023.

## INNOVATION POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, aware that innovation is a strategic variable that affects all of the businesses and activities of the Group’s companies, and in compliance with the provisions of the *Purpose and Values of the Iberdrola Group*, the Board of Directors hereby approves this *Innovation Policy* (the “**Policy**”).

### 1. Purpose

The purpose of this *Policy* is to define and disseminate the strategy that allows the Company and the other companies of the Group to continue to be leaders in innovation in the energy sector, leading the transition towards a healthier and more accessible energy model, based on electricity.

Along these lines, the foundations of the innovation strategy established at the Group level are sustainable development, the promotion of renewable energy and the exploitation of the opportunities offered by digitalisation and automation, **as well as** a wager on emerging technologies and driving the digital transformation of its businesses, thus contributing to the achievement of goals nine and eleven of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

The wager on innovation is a priority for ensuring sustainability, efficiency and competitiveness, and for keeping the Company at the forefront of developing the new products, services and business models that are transforming the industry.

Therefore, the Company promotes the creation of an innovative ecosystem based on the attraction of outside talent and the exploration of new pathways for collaboration, in order to obtain knowledge and design new solutions that allow for the sustainable creation of value for the Company and its Stakeholders. It also promotes internal talent, implementing a culture of innovation at all levels, that facilitates the successful handling of the challenge of incorporating new technologies.

The Company sees innovation as an open and decentralised process. It is decentralised because it is carried out independently in each business unit, but consistently thanks to the support and coordination provided by the Company's Innovation, Sustainability and Quality Division (or such division as may assume the duties thereof at any time). It is open because the Company considers itself to be a technology driver and, as such, its vocation is to involve all of its technology suppliers, including universities, technology centres and equipment manufacturers, in its innovation process.

## **2. Scope of Application**

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

## **3. Main Principles of Conduct**

To achieve the aforementioned goals, the following principles of conduct in relation to the innovation strategy of the companies comprising the Group are adopted and promoted at the Group level:

- a) lead innovation focused on energy efficiency and enabling greater electrification of demand;
- b) promote research, development and innovation (R&D) activities, focusing on efficiency aimed at the ongoing optimisation of the business operations of the

Group's companies, management of facilities and equipment lifespans, reduction of operation and maintenance costs, decrease in environmental impact, as well as the development of new products and services to satisfy the needs of the customers;

- c) drive the digital transformation of the businesses of the Group's companies in order to improve the efficiency of its processes, the operation and maintenance of its assets and to increase the availability of its generation plants;
- d) keep the Group at the forefront of new technologies and disruptive business models, by encouraging a "culture of innovation" that pervades the entire organisation and promotes motivating work environments that favour and reward the generation of ideas and innovative practices by professionals, accepting risk implicit therein and recognising creative contributions;
- e) incentivise innovative ecosystems and encourage innovation in collaboration with start-ups, entrepreneurs and suppliers in order to develop new disruptive and sustainable business models, favour the exchange of knowledge and have a knock-on effect among them;
- f) foster partnerships and alliances with the academic, intellectual and technology world, by means of links that make it possible to multiply innovative capacity within the boundary of the Group and collaborate on the dissemination of knowledge;
- g) achieve innovations that foster sustainable growth, the efficient management of resources and a reduction in environmental impact, contributing with all of the foregoing to the social and economic development of the places in which the companies of the Group do business;
- h) engage in projects in the area of universalisation of energy services based on models that are environmentally sustainable, economically feasible and socially inclusive;
- i) incorporate innovation into all training within the companies of the Group by means of courses and specific programmes to develop skills relating to creativity;
- j) implement an innovation management system that includes the establishment of annual targets and goals as part of an ongoing improvement procedure, managing the Company's human and intellectual capital as a major pillar of the entire creative and innovation process;
- k) safeguard innovation in technological, commercial, industrial, scientific, organisational and financial fields, among others, encouraging fair competition

among companies within the framework of a social market economy, which is a key factor for long-term sustainable development, and particularly information or knowledge considered (or that could be considered) to be a trade secret in view of the importance of the protection thereof, insofar as it provides an actual or potential competitive advantage and hence adds significant business value for the company of the Group that owns the information or knowledge;

- l) stimulate creative thinking within a diverse and inclusive environment;
- m) promote a system of technological monitoring and prospecting to identify opportunities and challenges for the businesses of the Group's companies and detect the need for innovation in processes or services, all in order to act in advance of technological changes and the new needs and risks of the market;
- n) circulate internally the knowledge gained, so that all professionals are familiar with the best practices applicable to their activity in the search for efficiency and effectiveness in the processes of the Group's companies;
- o) protect the results of the innovation process, managing intellectual and industrial property suitably and ethically, which shall in every case entail respect for the intellectual and industrial property rights of third parties;
- p) support innovations that provide added value for users and boost the satisfaction of the workforce, shareholders, customers and other Stakeholders of the Company.

\* \* \*

This *Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 20 June 2023.

## QUALITY POLICY

20 December 2022

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, and aware that outstanding management of all processes and resources of the companies belonging to the Group is an indispensable tool in the sustainable creation of value for all of its Stakeholders and for compliance with the provisions of the *Purpose and Values of the Iberdrola Group*, the Board of Directors hereby approves this *Quality Policy* (the “**Policy**”).

### 1. Purpose

The purpose of this *Policy* is to develop the instruments of the Group to strengthen the competitiveness of the energy products and services supplied through efficiency in energy generation, transmission and distribution processes, paying special attention to excellent management of processes and resources.

By developing these instruments, the Groups strengthens its sustainable growth model within the context of the culture of excellence and quality management procedures, thus contributing to the achievement of goals seven, nine and twelve of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

The Company conceives of quality as one of the basic principles making up the third of the corporate values of the Group, namely, driving force, which reflects its commitment to innovation and seeks to make into reality small and large changes that make life easier for people through efficiency, self-discipline and the constant search for ongoing improvement, which encompasses a commitment to other values like simplicity, agility and foresight.

The Group’s model of value creation is based on three strategic pillars: profitable growth, operational excellence and optimisation of capital, with the people to whom the Group supplies energy, i.e. with its customers, as the central element of all of its activities. In this context, the ultimate aim of the Group’s sustainable and shared value

creation model goes beyond the mere generation of profitability and also aspires to act as an engine and lever for social change.

The Company, through its Innovation, Sustainability and Quality Division (or such division as may hereafter assume the duties thereof), supports and coordinates the implementation, monitoring and verification of compliance with this *Policy* by all of the companies of the Group.

## **2. Scope of Application**

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

## **3. Main Principles of Conduct**

To achieve the aforementioned goals, the Group adopts and promotes the following main principles of conduct that inform all of its quality activities:

- a) improvement in the satisfaction of the customer, both internal and external, which is a central element of the Group's activities and of the design and configuration of its products and services, such that they meet or exceed the expectations thereof;
- b) the drive towards operational excellence, strengthening a culture of continuous improvement and excellence in management in order to increase competitiveness



and the creation of value for the workforce, the shareholders and other Stakeholders of the Company;

- c) advancement of quality management systems, giving priority in the implementation thereof to contributing value to the various organisations of the Group. In particular, the transformation of the energy model towards greater electrification and the impact of digitalisation and the new business models on the activities of the Group make it necessary to continuously evaluate the tools supporting the processes, including quality management systems, in order to achieve operational excellence and excellence in management;
- d) a focus on the Stakeholders of the Company, working to identify and satisfy or even exceed their expectations; and
- e) the commitment of all of the Group's professionals by means of teamwork, an appropriate flow of information, internal communication, training, equality of opportunity and recognition of achievements.

#### **4. Quality Model of the Company**

The Company's quality model forms part of the Group's Business Model, established through a global quality management system that coordinates and supervises the quality management systems of the various corporate areas and businesses of the Group to take advantage of the synergies deriving from belonging thereto and driving compliance with the main principles of conduct referred to above.

As part of such model, in order to properly supervise compliance with the provisions of this *Policy*, the Group has quality guidelines approved by the Company's Innovation, Sustainability and Quality Division, which define the strategic global quality lines, consistently with the main principles of conduct set out above and with the commitment to ongoing improvement, and which are communicated to the companies of the Group, which further develop and specify them in quality goals and challenges among their various organisational levels, respecting the corporate and governance structure of the Group.

Furthermore, to ensure homogeneous quality practices and levels within the Group, the Company's Innovation, Sustainability and Quality Division has also approved a manual and a set of general quality procedures, as well as a global scoresheet that regularly monitors the goals and action plans of the various corporate areas and businesses.

\* \* \*

This *Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 20 December 2022.

## CORPORATE SECURITY POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, in order to lay down the general principles that are to govern all aspects of the corporate security activities and in compliance with the provisions of the *Purpose and Values of the Iberdrola Group*, the Board of Directors hereby approves this *Corporate Security Policy* (the “**Policy**”).

### 1. Purpose

The purpose of this *Policy* is to establish the main principles of conduct that are to govern within the boundary of the Group to ensure the effective protection of people, of hardware and software assets and critical infrastructure, and of information, as well as of the privacy of the data processed, ensuring a reasonable level of security, resilience and compliance.

This *Policy* also confirms the firm commitment of the Company to excellence in the area of security of people, of the hardware and software assets and critical infrastructure of the Group’s companies and of information, at all times ensuring that security activities are fully in accordance with the law and scrupulously comply with the provisions of the *Policy on Respect for Human Rights*.

### 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

### **3. Main Principles of Conduct**

To realize the commitment set forth in section 1 above, the following main principles of conduct that must inform all of the corporate security activities of the companies that make up the Group are adopted and promoted within the boundary thereof:

- a) Design a preventive security strategy, with a comprehensive vision, the objective of which is to minimise hardware and software security risks, including the consequences resulting from an act of terrorism, and allocate the resources required for the implementation thereof.
- b) Develop specific defensive plans to protect critical infrastructure and to ensure the continuity of the essential services provided by the companies of the Group.
- c) Guarantee the protection of the professionals of the companies of the Group, both in their workplace and in their professional travel.
- d) Ensure the adequate protection of information and knowledge and the confidentiality thereof, as well as of the control, information technology and communication systems of the Group, and establish controls and procedures for this purpose, particularly to avoid any unlawful acquisition, use or disclosure of the information or knowledge, pursuant to the provisions of the *Cybersecurity Risk Policy*.
- e) Identify non-public information that should be classified as confidential or secret, as well as information or knowledge considered (or that could be considered) to be a trade secret, and implement and develop appropriate and reasonably sufficient security and privacy procedures or protocols, taking into account the risk level of an occurrence thereof, while also endeavouring to ensure that the integrity and availability of such information or knowledge is protected.
- f) Have procedures and tools that allow for actively fighting against fraud and against attacks on the brand and reputation of the Group and its professionals.
- g) Guarantee the right to the protection of personal data for all natural persons who establish relations with the companies belonging to the Group, ensuring respect for the rights to reputation and to privacy in the processing of the various categories of personal data, in accordance with the provisions of the *Personal Data Protection Policy*.

- h) Implement security measures based on efficiency standards and that contribute to the normal performance of the Group's business activities.
- i) Avoid the use of force in the exercise of security, using it solely and exclusively when strictly necessary and always in accordance with the law and in a manner proportional to the threat faced, in order to protect life.
- j) Promote a culture of security within the Group by means of communication and training activities in this area.
- k) Ensure the proper qualification of all security personnel, both internal and external, establishing rigorous training programmes and defining hiring requirements and standards that take this principle into account. In particular, train all security personnel in the area of human rights, or ensure that such personnel have received proper training in this area.
- l) Inform security providers who may be hired, as appropriate, of the principles of this *Policy* and regularly evaluate their compliance herewith.
- m) Collaborate with public authorities having responsibility for public security matters and not interfere in the performance of their legitimate duties.
- n) Act at all times in compliance with applicable law and within the framework established by the *Code of Ethics* and the other rules of the Governance and Sustainability System.

\* \* \*

This *Policy* was initially approved by the Board of Directors on 23 September 2013 and was last amended on 20 June 2023.

## POLICY ON RESPONSIBLE USE OF ARTIFICIAL INTELLIGENCE TOOLS AND ALGORITHMS

20 December 2022

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

Pursuant to the provisions of the Company’s *By-Laws* and as part of its commitment to the social dividend, the Group’s innovation and digital transformation strategy must be focused on the sustainable creation of value, in accordance with the *Purpose and Values of the Iberdrola Group* and with the commitments made in the *Code of Ethics*.

Aware of the significance of artificial intelligence and algorithms in the development and implementation of this strategy, and of the importance of ensuring its responsible use, in accordance with the corporate philosophy of the Company and the principles that inform its corporate culture, based on ethics and on the commitment to sustainable development, the Board of Directors hereby approves this *Policy on the Responsible Use of Artificial Intelligence Tools and Algorithms* (the “**Policy**”), aligned with the *OECD Council Recommendation on Artificial Intelligence*.

### 1. Purpose

The purpose of this *Policy* is to establish the common and general principles and guidelines for conduct that are to govern the design, development and application of artificial intelligence tools and algorithms, ensuring compliance with applicable law, the *Purpose and Values of the Iberdrola Group*, the *Code of Ethics* and the other rules of the Governance and Sustainability System under all circumstances.

Along these lines, this *Policy* establishes the tools and guidelines to ensure responsible, transparent, safe and reliable use of artificial intelligence systems and algorithms by the Company.

### 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

Finally, the principles established in this *Policy* shall also apply to suppliers that develop artificial intelligence tools for the Company and the entities subject to this *Policy*, as appropriate.

### **3. General Basic Principles of Responsible Use of Artificial Intelligence Tools and Algorithms**

The purpose of this *Policy* is to establish the common and general principles and guidelines for conduct that are to govern the design, development and application of artificial intelligence tools and algorithms in order to achieve the purpose of this *Policy*, which are described below.

#### ***a) Principle of tangibility***

Tools that use artificial intelligence or algorithms should be at the service of the people, generating tangible benefits for Company and its Stakeholders, endeavouring to ensure that the development thereof contributes to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

#### ***b) Principle of respect for human rights, the Purpose and Values of the Iberdrola Group and the Code of Ethics***

The Company shall endeavour to ensure the responsible use of artificial intelligence and algorithms, in compliance with the Company's commitment to human rights and to the principles that inform the *Purpose and Values of the Iberdrola Group* and the *Code of Ethics*, facilitating human intervention in the designs thereof when necessary to ensure effective compliance with said commitment and the principles contained in this *Policy*.

**c) *Principle of equity***

The Company shall endeavour to ensure that the artificial intelligence tools and algorithms it uses in the performance of its activities foster and promote compliance with the principles of equal opportunity, diversity, promotion of inclusion and sustainability that govern the *Purpose and Values of the Iberdrola Group* and the *Code of Ethics*, seeking to avoid unjustifiably discriminatory biases and impacts (based on race, ethnicity, religion, gender, sexual orientation, disability or any other condition of persons) in the design, development or application thereof.

**d) *Principle of “innovative culture”***

In order to reduce “group-think” and to mitigate unconscious bias and limiting beliefs, the Company shall endeavour to ensure that the design, development and application of artificial intelligence tools and algorithms are aligned with the Group's innovation strategy, which seeks to keep it at the forefront of new technologies and disruptive business models, by encouraging a “culture of innovation” that pervades the entire organisation and promotes motivating work environments that favour and reward the generation of ideas and innovative practices.

**e) *Principle of traceability and verifiability***

The Company shall endeavour to ensure that automated processes in which artificial intelligence and/or algorithms are used do not contain limitations on transparency and/or traceability that prevent the objective verification thereof through audit procedures.

**f) *Principle of transparency***

When necessary or advisable, the Company shall inform users of the category of personal data that it may use in its artificial intelligence tools and algorithms, as well as the purpose or purposes of the processing of personal data giving rise to the use thereof, in accordance with the legal provisions on the protection of personal data that apply in each case.

**g) *Principle of privacy***



The Company shall ensure that the artificial intelligence tools and algorithms it uses in the performance of its activities respect the legal provisions on the protection of personal data applicable in each case and the principles contained in the *Personal Data Protection Policy*.

***h) Principle of security***

The Company shall have in place physical and logical security systems and mechanisms to protect its artificial intelligence systems and its algorithms against any alteration, misuse or unauthorised access and to ensure the integrity of the data stored or transmitted through them.

***i) Principle of self-regulation.***

The Company shall adopt measures that permit self-regulation of the responsible use of artificial intelligence tools and algorithms. This shall include providing professionals who use these tools with training on artificial intelligence, its operation and the consequences that may arise from the use of incomplete, biased or non-transparent algorithms, and particularly on the impact it can have on the Company and its Stakeholders.

**4. Specific commitment in automated processes using artificial intelligence and algorithms**

The Company shall endeavour to ensure that the automated processes in which it uses artificial intelligence and algorithms respect the general basic principles described in the preceding section, promote compliance with the principles that inform the *Purpose and Values of the Iberdrola Group* and the *Code of Ethics*, and particularly that they do not suffer from biases that violate the principles of equal opportunity, diversity and promotion of inclusion, nor make it impossible to verify them due to limitations on the transparency and/or traceability of the results.

**5. Supervision of the responsible use of artificial intelligence tools and algorithms**

The Company shall have adequate, reasonable and effective mechanisms in place to monitor and control the data used for the development of digital applications and the design thereof, as well as the possible malfunction of artificial intelligence tools and algorithms.

The Company's Cybersecurity Division shall evaluate compliance with the provisions of this *Policy* at least once a year, and shall report the results of its evaluation to the Audit and Risk Supervision Committee.

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This *Policy* was initially approved by the Board of Directors on 10 May 2022 and was last amended on 20 December 2022.

# Policy on Modern Slavery

ScottishPower Compliance Division

Prepared:

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ScottishPower  
Compliance Division

Reviewed:

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ScottishPower  
Chief Compliance Officer

Approved:

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Scottish Power Limited  
Board of Directors

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## Version Control

Version	Author	Purpose	Date
1.0	SP Compliance Division	Final approved version	October 2022
1.1	SP Compliance Division	Annual review of content and update to Speaking Out options.	June 2023
2.0	SP Compliance Division	Final approved version.	July 2023

# 1. Purpose

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, but ultimately means the reduction of a person's freedom by another, in order to exploit them for personal or commercial gain. At ScottishPower (the "Company"), we are strongly opposed to any form of Modern Slavery in either our business or supply chain and believe it has no place in an ethical business model. We are committed to combatting such activity that is connected to our business.

As part of the Iberdrola Group (the "Group"), we maintain a number of policies that are designed to protect and strengthen human rights within the organisation. These policies form a hierarchy which commits ScottishPower and its suppliers to maintaining the standards of business ethics and human rights that are considered best practice, through establishing principles relating to:

- Delivering clear value for society through our activities.
- Recognizing human and labour rights commitments enshrined in international law.
- Encouraging ethical and responsible behaviour by employees.
- Requiring suppliers to adhere to the same principles of business ethics and human rights.

The ScottishPower Modern Slavery Policy (the "Policy") is designed to consolidate those principles and set out how they are applied within Scottish Power.

For ScottishPower employees, the Policy is accompanied by the ScottishPower Compliance & Ethics Manual, which provides further guidance for employees on key signs of potential risk for Modern Slavery and options for reporting of any suspected violations.

# 2. Scope

The Policy applies to all individuals working at all levels of the Company, including directors, officers, managers, employees (whether temporary or permanent), and contractors. It applies to all business dealings and transactions.

The Policy also supports the Group-wide Supplier Code of Ethics, to which all third parties working on the Company's behalf are expected to adhere. To that end, any third party working on the Company's behalf, including all relevant suppliers, contractors, and business partners, are expected to put in place appropriate measures to comply with the principles of this Policy.

The Policy extends to all types of Modern Slavery as defined in section 3 below, recognising that this could affect employees or workers across our supply chain.

## 3. Modern Slavery Defined

Modern Slavery is an overarching term used to describe slavery and forced labour in its various forms. In the United Kingdom it is a criminal offence. Victims of Modern Slavery could be trafficked for different types of exploitation including:

- **Forced labour**, where the person is coerced to work under a threat of some sort of punishment. This includes forced child labour.
- **Bonded labour**, where a person is required to work to repay a real or alleged debt.
- **Slavery & servitude**, where a person exercises (perceived) power of ownership over another. This includes domestic servitude, where a person is subject to the power of a family member or partner.
- **Human trafficking**, where a person arranges or helps to transport another person into a situation of exploitation.

## 4. Key Principles

ScottishPower is committed acting across our business to prevent Modern Slavery within our activities. We will:

- Undertake appropriate checks for all directly employed employees to ensure that they are eligible to work in the UK and have independent access to their relevant documents.
- Only work with an authorised agency to recruit temporary or indirectly employed workers. For these workers, we will ensure that they are also subject to appropriate and rigorous checks to ensure their security to work.
- Carry out appropriate risk assessment and due diligence on third parties and transactions in order to identify areas of risk in relation to Modern Slavery.
- Include appropriate human rights and modern slavery clauses within our contractual arrangements to ensure that human rights principles are embedded within our business operations.
- Avoid doing business with others who do not commit to having appropriate processes and controls in place to mitigate the risk of Modern Slavery within their business.

- Communicate Company-wide, with the aim of raising employees' awareness for employees of ScottishPower's approach to Modern Slavery and the Modern Slavery Statement.
- Provide appropriate training to all employees on the risks of Modern Slavery, including targeted training as appropriate.
- Set out on an annual basis the practical steps that we have taken, and which we intend to take, in tackling Modern Slavery through the Modern Slavery Statement, in accordance with the requirements of the Modern Slavery Act 2015.

## 5. Control, Evaluation and Review

The ScottishPower Compliance Division shall review the contents of the Modern Slavery Policy in accordance with the Compliance Policy Management Framework, as agreed from time to time with the Scottish Power Limited Audit and Compliance Committee. Such review shall aim to make sure that the Policy reflects the recommendations and best international practices in effect at that point in time. The ScottishPower Compliance Division shall propose to the Scottish Power Limited Board those amendments and updates that contribute to the development and ongoing improvement of the policy.

This Policy was last approved by the Scottish Power Limited Board on 11 July 2023.

## 6. Further Information and Guidance

ScottishPower has adopted a number of policies which reflect our respect for human rights and our approach to fair and lawful labour practices. These policies are available at [Governance and Sustainability System - ScottishPower](#):

- Policy on Respect for Human Rights.
- People Management Policy.
- Selection and Hiring Policy.
- Sustainable Management Policy.

Further information can also be obtained from the UK Home Office Modern Slavery website at <https://www.gov.uk/government/collections/modern-slavery>

## 7. Reporting a Concern

It is the responsibility of all Employees and Third Parties to report any perceived breaches of this Policy or any suspected incidences of Modern Slavery within our business activities. If you feel comfortable to do so, you can discuss your concern with your line manager in the first instance. You or your line manager should report any concerns relating to a breach of this policy in one of the following ways:

In person or by email to your Business Compliance Officer (BCO)	<b>SP Chief Compliance Officer &amp; Corporate BCO - Pamela Mowat</b> <a href="mailto:pamela.mowat@scottishpower.com">pamela.mowat@scottishpower.com</a>
	<b>SP Energy Networks BCO - June Dickson</b> <a href="mailto:june.dickson@spenergynetworks.co.uk">june.dickson@spenergynetworks.co.uk</a>
	<b>SP Renewables BCO - Amanda Henderson</b> <a href="mailto:amanda.henderson@scottishpower.com">amanda.henderson@scottishpower.com</a>
	<b>SP Retail BCO - Sean Tierney</b> <a href="mailto:sean.tierney@scottishpower.com">sean.tierney@scottishpower.com</a>
By email to the Compliance Division mailbox	<a href="mailto:compliancedivision@scottishpower.com">compliancedivision@scottishpower.com</a>
Through the Ethics Helpline reporting tab	Available on the ScottishPower Employee Portal ( <i>ScottishPower employee guide on how to report can be found <a href="#">here</a></i> )
Through People InTouch, our external third party Speaking Out service provider	<b>Online at:</b> <a href="http://www.speakupfeedback.eu/web/scottishpower/gb">http://www.speakupfeedback.eu/web/scottishpower/gb</a> <b>By calling:</b> 0800-169-3502 ScottishPower Access Code (for both services): 45042

In an active situation at a Company site which requires support, contact the Security Alarm Receiving Centre on 0141 614 6000.

In emergency where there could be imminent danger to someone's welfare, always call 999.

We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be incorrect. We are committed to ensuring no one suffers any form of retaliation by reporting in good faith their suspicion that modern slavery, of whatever form, is or may be taking place in any part of our business or in any of our supply chains.



Governance & Sustainability System Chapter V

# Corporate Governance - Introduction

The following *Introduction to Chapter V – Corporate Governance* was approved by the Company on 21 September 2023

## GOVERNANCE AND SUSTAINABILITY SYSTEM

### INTRODUCTION TO CHAPTER FIVE - CORPORATE GOVERNANCE

1. The Governance and the Sustainability System constitutes the Company's own internal regulatory system. It is autonomously established by the Company as its own set of rules defining the company's corporate identity as a going concern, its purpose and values, and its business strategies and objectives.
2. The Iberdrola Group's corporate policies, as adopted by the Company into its Governance and Sustainability System characteristically aim to consistently and clearly connect the relevant themes in the stated purpose and values to the appropriate action guidelines and criteria prescribed in relation to matters that are identified as generally or specifically important to the decision-making and management of the Company, as befits a mature corporate governance system.
3. The corporate policies thus entail a sensible limitation of the discretion that Iberdrola Group directors and employees may exercise in the performance of their duties, i.e. within a framework of respect and observance of human rights, the contribution to the achievement of the United Nations' Sustainable Development Goals (**SDGs**), compliance with Environment, Social and Governance (**ESG**) requirements, goals established by the Paris Agreement and the 2030 Agenda for Sustainable Development. It is implicit that any action taken in adherence to these will carry a *prima facie* assumption of suitability and approval pursuant to the *Purpose and values of the Iberdrola Group* and Iberdrola's corporate interest which is shared by all members of the Iberdrola Group since they are defined to contribute to and fulfil the same aims.
4. It is a key aim of the Company for its own conduct as well as that of the people connected therewith to be consistent with and conform to not only the requirements or demands established by applicable rules and laws, but also, beyond this minimum requirement, to the entirety of its own Governance and Sustainability System, which includes the best practices generally accepted in the international markets in the area of good corporate governance, compliance and transparency.
5. They are, therefore, of direct relevance to the internal organisation of the Company, not only because of the above, but also because of its structure and organisation, its international nature and reach, and its position as a country subholding company of the group.
6. The policies and rules contained in this chapter five of the Company's Governance and Sustainability System are structured into three parts: (i) corporate governance and regulatory compliance policies; (ii) risk policies; and (iii) rules on governance of the corporate decision-making bodies and of other functions and internal committees.
7. The corporate governance and compliance policies play a critical role in the internal organisation and the intended performance of the Company. Within the framework of the law, ethical principles and the Articles, they define the directives and guidelines for conduct in which the purpose and values of the Iberdrola Group and the sustainable development strategy take shape, and guide the conduct of the shareholders, directors and professionals of the Company and its subsidiaries to which they apply and its commitment to the Stakeholders. They also reflect the Company's effective, autonomous, independent and robust Compliance System, ethical principles, and provisions for the ongoing monitoring and correction of improper conduct and acts that are illegal or contrary to the Governance and Sustainability System.

8. The Risk policies are those which provide for actions to prevent or mitigate all risks which affect the performance of the Iberdrola Group's broad scope of business. They consequently extensively deal with and cover a wide range of issues and conduct and establish standards regarding a broad range of risks, e.g. corporate risks, business risks including financial risks, security risks and reputational risks.
9. The governance rules of the corporate decision-making bodies and of other internal functions establish the rules of operation of the main corporate bodies of the Company and its Group, in accordance with its status and structuring as a sub-holding company. In terms of the Company's position within the wider corporate structure of the Iberdrola Group (as further described in the *Terms of Reference of the Board of Directors of the Company*), and taking into account the underlying requirement to comply with and implement the *Purpose and Values of the Iberdrola Group*, these rules regulate and provide for the best compliance with and implementation by the Company of those policies as they relate to its internal governance bodies (including the Board of Directors) and committees. They define the establishment, composition, organisation, powers and operating guidelines of those bodies, amongst other things, as well as the powers, duties and obligations of their members.
10. The corporate governance, regulatory compliance and risk rules and policies that make up this chapter are binding, insofar as applicable, on those corporate decision-making bodies and other internal committees of the Company, its directors, its employees, and, in general, all other persons connected to them or, as the case may be, those who act for or interact with the Company.
11. The ideas, values and principles in these guidelines or protocols for conduct are subject to ongoing updates to adapt them to the ever-changing circumstances in which the Company and its Group operates as an established business. As with the rest of the Governance and Sustainability System, the policies and rules contained in this chapter five are subject to a continuous process of review adaptation and improvement in the context of the environment in which the Company and the Iberdrola Group carry out their business, applicable law and best practices.

In Glasgow, on 21 September 2023

The Board of Directors

## Governance & Sustainability System Chapter V – Part 1

# Corporate Governance

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### Corporate Governance and & Regulatory Compliance Policies

Chapter V of the Governance & Sustainability System contains the corporate governance policies and rules relating to the Company's (and its Group's) main decision-making bodies, and the corporate administration, management, and development of its business generally. It is divided into three Parts.

Part 1 of this chapter contains the following corporate governance and regulatory compliance policies of the Iberdrola Group as adopted by the Company and its Group, and ScottishPower-specific policies.

The *Corporate Governance Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation* (dated 20 December 2022) was formally adopted by the Company on 23 February 2023.

The *Brand Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Statutory Auditor Contracting and Relations Policy* (dated 20 December 2022) was formally adopted by the Company on 23 February 2023.

The *Iberdrola Group Financial Information Preparation Policy* (dated 20 December 2022) was formally adopted by the Company on 23 February 2023.

The *Iberdrola Group Non-financial Information Preparation Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Compliance and Internal Reporting and Whistleblower Protection System Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Anti-corruption and Anti-fraud Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Competition Law Compliance Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Corporate Tax Policy* (dated 20 December 2022) was formally adopted by the Company on 23 February 2023.

The *Personal Data Protection Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *ScottishPower Data Protection Policy* was adopted by the Company on 23 November 2023.

The *ScottishPower Anti-bribery and Corruption Policy* was adopted by the Company on 21 September 2023.

The *ScottishPower Business Separation Policy* was adopted by the Company on 21 September 2023.

The *ScottishPower Political Engagement Policy* was adopted by the Company on 14 June 2018.

The *ScottishPower Competition Law Compliance Policy* was adopted by the Company on 21 September 2023.

References in these documents to Iberdrola, its Group, etc. shall be accordingly construed *mutatis mutandis*.

## CORPORATE GOVERNANCE POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In the exercise of these responsibilities, and within the framework of the law and the *By-Laws*, the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*, and its sustainable development strategy, the Board of Directors hereby approves this *Corporate Governance Policy* (the “**Policy**”).

### 1. Purpose

The purpose of this *Policy* is to establish the general corporate governance strategy and commitments of both the Company and the other companies of the Group, based on the application of the highest ethical standards and upon compliance with the good governance recommendations generally recognised in international markets, adjusted to their needs and particularities.

All of the companies of the Group conceive of corporate governance as an element in service of the corporate interest, which the Company conceives as the common interest of all shareholders of an independent company focused on the creation of shared sustainable value by engaging in the activities included in its corporate object, taking into account its other Stakeholders related to its business activity and its institutional reality, in accordance with the *Purpose and Values of the Iberdrola Group* and the bylaw-mandated commitment to a social dividend, and particularly to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

The Company requires and hopes that its shareholders and other persons holding rights or interests in shares of the Company, and, to the extent applicable, intermediary and management institutions or depositaries, respect and comply with the provisions of this *Policy* in their relations therewith.

## **2. Scope of Application**

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the lawfully established limits.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social, corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this Policy does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

## **3. General Principles of the Corporate Governance Strategy**

In order to achieve the objectives relating to the corporate governance strategy, the Company accepts and promotes the following general principles of conduct in each of the areas indicated below:

- a) Shareholders: the Company considers the effective and sustainable engagement of shareholders in its corporate life to be a primary objective, and proactively seeks two-way interaction with the Company's shareholders in order to encourage their sense of belonging through ongoing and effective dialogue with them that helps align their interests and those of the Company, in accordance with the *Shareholder Engagement Policy*.

Within the framework of the corporate interest, the Company takes specific and measurable financial and non-financial objectives into account in its strategic planning that always seek to improve profitability and to create value sustainably for the shareholders.

The Governance and Sustainability System also contemplates the measures that are

appropriate to safeguard the interests of the minority shareholders of the companies of the Group that are not wholly owned, to the extent that they may not be fully aligned with those of the Company.

- b) Separation of duties and decentralised management within the organisation: a configuration is established based on a separation of the duties of day-to-day and effective management from those of defining strategy and supervision, with a decentralised structure inspired by the principle of “subsidiarity” and respect for the corporate autonomy of the companies that comprise the Group.

The Company scrupulously respects the legal and functional separation of regulated companies and the autonomy that other companies of the Group should have, especially those that are listed, for this purpose providing specific mechanisms and procedures to prevent, identify and resolve conflicts of competition and interest, whether of an exceptional or a structural and permanent nature.

- c) Regulatory compliance and ethics: the Company endeavours to ensure compliance with law and the Governance and Sustainability System, as well as the ethical principles, particularly those set forth in the *Code of Ethics*, promotes a preventive culture based on the principle of “zero tolerance” towards improper conduct and acts that are illegal or contrary to law or said Governance and Sustainability System, on the one hand, and on the other the application of ethical principles and principles of responsible behaviour that should govern the conduct of all members of the management decision-making bodies, of the professionals and of the suppliers of the Company and of the other companies of the Group.

It is for this reason that the Company has its own effective, autonomous, independent and robust Compliance System consisting of a structured set of rules, formal procedures and substantive actions intended to ensure that the Company acts in accordance with ethical principles, the law and internal rules, particularly the Governance and Sustainability System, to contribute to the full realisation of the *Purpose and Values of the Iberdrola Group* and the corporate interest, and to prevent, manage and mitigate the risk of regulatory and ethical breaches that may be committed by the directors, professionals or suppliers thereof within the organisation.

The Compliance Unit, a collective permanent and internal body linked to the Company’s Sustainable Development Committee, is responsible for proactively and autonomously endeavouring to ensure the implementation and effectiveness of said Compliance System. It has the broadest powers, budgetary autonomy and independence of action to meet its goals.

The Company's Compliance Unit and the compliance units and functions of the other companies of the Group perform their duties under principles of coordination, cooperation and information, particularly complying with the provisions of the Governance and Sustainability System in relation to the decentralisation of the effective management of the businesses and the corresponding individualisation and separation of the responsibilities of each of the companies comprising the Group.

As regards data protection, the Company has a specific policy that endeavours to ensure compliance with applicable legal provisions in this area, particularly ensuring respect for the rights to reputation and to privacy in the processing of the various categories of personal data.

As regards taxation, the Company's *Corporate Tax Policy* is based on the concept that the taxes that the companies of the Group pay in the countries and territories in which they do business are their main contribution to the funding of public expenditures and, accordingly, one of their main contributions to society.

The Company's tax strategy consists basically of ensuring compliance with applicable tax laws and regulations and seeking to establish an appropriate coordination of the tax practices followed by the companies within the Group, all within the framework of fulfilling the corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementation of business decisions.

- d) Promotion of diversity: the Company seeks an appropriate balance in the composition of the Board of Directors, as well as regular staggered renewal, and endeavours to ensure a diversity of skills, knowledge, experience, origins, nationalities, age and gender among its members as a reflection of the social and cultural reality of all companies of the Group.

In the area of remuneration, the Company articulates its *Director Remuneration Policy* and its *Senior Management Remuneration Policy* on principles that combine motivation, loyalty-building and the objective evaluation of management and performance with dedication and achievement of the individual goals and results of the Company and the consolidated goals and results at the Group level, within the context of their international activities.

- e) Transparency: the Governance and Sustainability System entrusts to the Board of Directors the highest-level supervision of the information provided to shareholders, institutional investors and the markets in general, safeguarding, protecting and facilitating the exercise of their rights and interests within the framework of the defence of the corporate interest, endeavouring to ensure truthfulness, promptness, clarity, symmetry and respect for the principle of equal treatment in the dissemination of information.



The Company ensures that its financial information, which it must regularly publish, presents in all material respects a true and fair view of its equity, financial position and results as provided by law, and the *Iberdrola Group Financial Information Preparation Policy* establishes a number of principles for the preparation of consolidated information that must be observed and followed by the companies of the Group.

Pursuant to the provisions of the *Iberdrola Group Non-Financial Information Preparation Policy*, the Company also prepares and discloses relevant and reliable non-financial information regarding its performance and activities. In particular, the statement of non-financial information, which is formulated by the Board of Directors and, after independent verification, is approved by the shareholders at the General Shareholders' Meeting, seeks to reflect the Company's environmental, social and corporate governance performance, as well as the social dividend generated and shared with its Stakeholders.

The general communication strategy for financial, non-financial and corporate information through the information and communication channels provided for in the *Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors* contributes to maximising the dissemination and the quality of the information available to the market, to shareholders and the financial community, and to other Stakeholders.

- f) The Iberdrola brand, a hallmark of the Company's identity and one of its strategic assets in the economic, social, environmental and corporate governance dimensions, it works to ensure that it is protected and used as a lever contributing to the reputation and success of the businesses of the Group's companies.

The brand also contributes to the two-way interaction of the Company with its shareholders and fosters engagement in corporate life by the shareholders and other Stakeholders, the expectations of whom the Company includes in its strategy and are taken into account in the management of corporate reputation.

- g) Innovation: the Company conceives of innovation as a strategic variable that affects all of its businesses and activities, including its corporate governance practices. This strategic objective permeates the entire organisation and affects all issues of order and operation of the Group's companies and of its corporate decision-making bodies.

#### **4. Commitments in Relations with the Company's Shareholders**

The Board of Directors has recognised a strategic goal of paying continuous attention to the transparency of information and of relations with its shareholders and with

institutional investors, which are governed by the provisions of law and the Governance and Sustainability System and, specifically, by the principles set out in the *General Sustainable Development Policy*, in the *Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors* and in the *Shareholder Engagement Policy*.

For their part, shareholders must exercise their rights vis-à-vis the Company and other shareholders, and must comply their duties, acting with loyalty, in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each of them and in accordance with law and with the Governance and Sustainability System, to the extent applicable thereto.

The Company desires and aspires for shareholders to act with entire transparency vis-à-vis the Company and the other shareholders, reporting the terms and conditions associated with the acquisition and holding of financial, voting and related rights, without prejudice to their legal duty to disclose significant interests, the identity of the ultimate and actual owner of the Company shares, any other securities entitling the holders to acquire or subscribe for shares or other interests therein, as well as the voting rights that may be exercised by them. It is also expected that they disclose the status or capacity in which they hold such shares, securities, rights or interests.

Specifically, every shareholder and every holder of an interest in shares of the Company or of voting rights therein, even if not a shareholder, must be prepared, as an expression of the holder's commitment to transparency and the corporate interest, to disclose and provide to the Company specific, full and accurate information on the aspects described below:

6. In the event of the acquisition of voting rights representing a percentage equal to or greater than one per cent of the share capital or total voting rights, whether the holder is also the full owner of the respective shares or has assumed the risk and peril thereof, as well as the type of instrument used for such acquisition.
7. In the event that any agreement is executed or any kind of financial instrument is acquired that grants the right to acquire or transfer shares, interests in shares or voting rights or to exercise or control the exercise of voting rights of the Company representing a percentage of the share capital or of voting rights equal to or greater than one per cent, whether individually or in the aggregate, the terms and conditions of such agreement or instrument.
8. In the event that the threshold of ten per cent and successive multiples of five per cent of the share capital or of voting rights is exceeded, whether the holder has a

plan to acquire control of the Company or intends to continue to acquire shares, interests in shares or voting rights, and the periods during which the holder intends to do so. The holder must also be willing to provide information regarding the funds allocated to the acquisition of the shares, interests in shares or voting rights, charges and encumbrances created on the foregoing and any additional information that may be relevant to assess the nature of the interest acquired. In addition, the holder must also report any intention of influencing the composition of the Board of Directors of the Company, its strategy or its financial or management policies. Finally, the holder must report any subsequent changes with respect to what was previously reported.

9. In the event that the formal owner of the shares, of the interests in shares or of the voting rights holds such status in a fiduciary or any other similar capacity, to disclose to the Company the name of the ultimate and actual owners of the shares, interests in shares or voting rights.

## **5. Commitments regarding Separation of Duties and Checks and Balances**

### **5.1 The Board of Directors**

The Board of Directors, the body with the broadest powers to administer the Company, focuses its activity on approving strategic goals at the Group level, on defining its organisational model, and on supervising compliance therewith and further development thereof. In the performance of its duties, it pursues the corporate interest and acts with unity of purpose and independent judgement, affording equal treatment to all shareholders in the same situation.

It is composed of persons with recognised prestige and professional competence, who act with independent judgement in the performance of the duties inherent to their position. The composition thereof seeks a diversity of skill, knowledge, experience, origin, nationality, age and gender, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of matters within its purview.

The stability of the Board of Directors is a primary objective. Therefore, the Company has adopted a number of measures so that each year the shareholders at the General Shareholders' Meeting decide on the appointment or re-election of approximately one-fourth of the directors.

The Company also has a succession plan for non-executive directors, which attempts to ensure that the renewal thereof occurs on a staggered and orderly basis, anticipating expected vacancies (due to reaching the indicative age of seventy years established for

these directors as the age after which the Board of Directors will evaluate the continuation thereof or due to exceeding twelve years of continuous time in office, which means that they cannot be classified as independent).

In addition, the Board of Directors has approved succession plans for the executive chairman of the Board of Directors & for the chief executive officer, which shall apply respectively if they give early notice of their desire to resign from their position, or in the event of their cessation in office due to non-occasional and unexpected non-availability.

The text of these succession plans, together with that of other rules of self-organisation of the Board of Directors, is set out in Annex I to this *Policy*.

Finally, both the executive chairman of the Board of Directors and the chief executive officer as well as the members of senior management and the persons holding key positions have a person who can replace them in their duties in the event of a limited absence. Each of the replacements has been chosen based on the personal and professional competence thereof.

## **5.2 Positions on the Board of Directors**

### **d) Chairman of the Board of Directors**

The chairman of the Board of Directors has the status of executive chairman and reports to the Board of Directors.

The chairman exercises the power of representation of the Company in his individual capacity, the senior management thereof, leadership of the Board of Directors (leading its debate and endeavouring to ensure the proper operation of the Board of Directors as well as of the Executive Committee, which he also chairs) and the other powers vested therein by the Board of Directors, the Governance and Sustainability System and the law.

In his capacity as executive chairman, he also assumes all duties not expressly assigned by the Board of Directors to the chief executive officer.

The areas, divisions and positions that do not report to the CEO or other specific bodies report to him.

### **e) Chief Executive Officer**

The chief executive officer holds the powers delegated by the Board of Directors in accordance with law and the Governance and Sustainability System.

The chief executive officer is responsible for the day-to-day management of the businesses of the Group's companies as the person with overall responsibility for all of them, with the highest executive duties in this area. The chief executive officer also reinforces and facilitates the exercise of the powers vested in the chairman of the Board of Directors, to whom the chief executive officer reports. The chief executive officer reports to the executive chairman for this purpose.

The chief executive officer also reports to the Board of Directors and regularly submits the management report thereto, presenting any proposed decisions regarding the matters within their purview.

The directors of the global businesses of the companies of the Group report directly to the chief executive officer, as do, among others, the chief executive officers of the country subholding companies, who report hierarchically to their boards of directors and, in the case of listed country subholding companies, with full respect for the special framework of enhanced autonomy given thereto by the Governance and Sustainability System.

f) Non-executive vice-chairs of the Board of Directors

The duties that the *Regulations of the Board of Directors* attribute to the non-executive vice-chairs include the duty to temporarily replace the chairman of the Board of Directors, with all of the powers and duties thereof, in the event of occasional and unexpected vacancy, absence, illness or incapacity, thus avoiding any possible risk of a temporary power vacuum.

g) Lead Independent Director

A lead independent director (*consejero coordinador*), appointed from among the independent directors, upon a proposal of the Appointments Committee and with the abstention of the executive directors, has the powers vested therein by the *By-Laws* and the *Regulations of the Board of Directors*, which go beyond those required by law.

h) Secretary of the Board of Directors

The secretary of the Board of Directors endeavours to ensure the formal and substantive legality of the actions of the Board of Directors, as well as coordination

among the secretaries of the committees of the Board of Directors in all matters relating to the Governance and Sustainability System and to compliance.

### **5.3 Committees of the Board of Directors**

The Board of Directors has an Executive Committee and four consultative committees: the Audit and Risk Supervision Committee, the Appointments Committee, the Remuneration Committee and the Sustainable Development Committee. The composition, powers and operation of these four latter committees are governed by their respective regulations, which are approved by the Board of Directors.

The Executive Committee is a basic corporate governance instrument of the Company, the primary function thereof being to support the Board of Directors in supervising the implementation of the strategy defined thereby, ensuring the continuous implementation thereof throughout the year. Therefore, the Executive Committee meets more frequently than the Board of Directors.

The chair of the Executive Committee informs the Board of Directors of the matters dealt with and the resolutions adopted at the first meeting of the Board held after the meetings of the Executive Committee.

### **5.4 Meetings of the Board of Directors and its committees**

The directors must personally attend the meetings held by the Board of Directors and the committees of which they are members and, if unable to attend in person, they must give a proxy to another director, together with appropriate instructions. Pursuant to the provisions of the *Regulations of the Board of Directors*, non-executive directors may only give a proxy to other non-executive directors.

In preparing proposals and reports regarding the re-election of directors, the Appointments Committee takes into consideration, among other things, the number of meetings of the Board of Directors and of the committees of which the candidate for re-election is a member that were attended by the candidate during his or her previous term of office, in order to assess the dedication thereof to their position. For these purposes, it shall consider the minimum level of attendance at the meetings of these bodies that the main institutional investors and international proxy advisors provide for in their voting policies, which are generally set at 75% of the meetings held during the year.

As regards the means for attending meetings, in its eagerness to remain at the forefront of innovation, the Company promotes the use of new technologies by the Board of

Directors and its committees, which constitute a fundamental element for the efficient performance of their duties, and has the tools required to allow for the holding of meetings of its corporate decision-making bodies by remote means of communication.

Annex II to this *Policy* sets out the specific rules that must be met to use remote communication systems to hold meetings of the Board of Directors and of the committees thereof.

## **5.5 Corporate and Governance Structure and Business Model of the Group**

The corporate structure of the Group includes:

- d) the Company, which is configured as a listed holding company, the main function of which is to act as the entity owning the equity stakes in the country subholding companies;
- e) the country subholding companies, which in turn group together the equity stakes in the head of business companies; and
- f) the head of business companies.

This corporate configuration is intended to favour an agile and rapid decision-making process in day-to-day administration and management, which is within the purview of the head of business companies, while at the same time achieving proper coordination of business activities at the Group level, as described below, as a result of the duties of organisation and supervision performed by the country subholding companies and the Company and within their respective purviews.

Based on this corporate organisation, the Group's governance structure is governed by the principles set out below:

- 2. vesting the Board of Directors with powers relating to the approval of strategic goals at the Group level, the definition of its organisational model, and the supervision of compliance therewith and further development thereof, fully respecting the special framework of strengthened autonomy of the listed country subholding companies;
- 3. assumption by the chairman of the Board of Directors and by the chief executive officer, with the technical support of the Operating Committee, and by the management team, of the duty of strategic supervision, organisation and coordination at the Group level;
- 4. the function of strategic supervision, organisation and coordination is strengthened through the country subholding companies, which perform it in relation to the territories,

countries or businesses decided by the Company's Board of Directors;

5. the head of business companies assume decentralised executive responsibilities, enjoy the independence necessary to carry out the day-to-day administration and effective management of the businesses, and are responsible for the day-to-day control thereof;

The provisions of the preceding paragraphs shall be without prejudice to respect for the corporate autonomy of the subsidiaries of the head of business companies domiciled in countries or territories other than that of the parent company. These subsidiaries may be vested with the effective management of their business activities within their country or territory.

Within the Group's corporate and governance structure, the Operating Committee is an internal committee of the Company, the essential function of which is to provide technical support to the chairman of the Board of Directors and to the chief executive officer, in order to facilitate the development of the Group's Business Model. The composition and duties thereof are described in the *Internal Rules on Composition and Duties of the Operating Committee*.

## **5.6 Checks and Balances System**

The structure of the Board of Directors, with a broad majority of independent directors, the configuration of its positions, the existence of consultative committees, the corporate and governance structure and the Business Model described above articulate a system of checks and balances ensuring that none of the chairman of the Board of Directors, the chief executive officer or the Executive Committee have a decision-making power that is not subject to appropriate controls and balances, ensuring that they are under the effective supervision of the Board of Directors.

In particular, the roles of the non-executive vice-chairs and of the lead independent director serve as a counterbalance to that of the chairman when the chairman is an executive director, ensuring that the activities thereof are subject to proper controls.

Along the same lines, the corporate and governance structure of the Group itself is designed such that management power is not centralised within a single governance body or a single person, but rather is decentralised among the boards of directors of the head of business companies, the Company's main function being supervision, organisation and strategic coordination at the Group level.

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This *Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 20 June 2023.

## **ANNEX I**

### **Self-organisation Rules of the Board of Directors**

#### **1. Succession Planning**

##### **1.1 Succession Plan for Non-Executive Directors**

Each of the non-executive directors undertakes to tender their resignation to the Board of Directors at the first meeting it holds after they reach seventy years of age or twelve years as a director of the Company.

Cessation in office of a director as provided in the preceding paragraph shall not give rise to the right to receive any severance payment for this reason.

On periodic basis, and at least once per year, the Appointments Committee shall review whether it can be expected that any of the non-executive directors will cease to perform their duties during the financial year due to issues of age or time in office or for any other reason.

In such case the Appointments Committee shall drive the selection process established in the *Board of Directors Diversity and Member Selection Policy* to identify a candidate in replacement thereof with sufficient time to ensure an orderly succession.

##### **1.2 Succession Plan for the Executive Chairman of the Board of Directors**

###### **A) Advance notice**

If the executive chairman of the board of directors gives early notice of his desire to resign from the position, the succession thereof shall be planned and coordinated by a specific committee, which shall be convened and chaired by the lead independent director and shall be made up of the lead independent director, the chairs of the consultative committees of the Board of Directors and the executive chairman.

The committee shall have the support of the Appointments Committee and may contract for the advice of an independent expert to be paid for by the Company.

Within a period of not more than thirty days from the date that the executive chairman gives early notice of his desire to resign from the position, the committee shall provide to the Board of Directors a specific proposal regarding the replacement thereof, which must take into consideration the special personal and professional skills of the candidate.

In addition, if the committee proposes that the chairman of the Board of Directors continue to have the status of executive chairman, the committee must consider the candidate's ability to lead the development and implementation of the current strategic plan in regards to the duties it proposes be carried out.

The committee shall favourably value those candidates that are directors or members of the management team of the Company or of other companies of the Group and that have been linked thereto as directors or professionals for at least five years.

Unless otherwise stated by the chairman of the Board of Directors, the chairman shall continue to perform all of the duties thereof until the Board of Directors appoints a new chairman.

#### **B) Non-occasional and unexpected non-availability**

In the event of non-occasional or unexpected unavailability of the chairman of the Board of Directors, the non-executive vice-chair, or if one has not been appointed the lead independent director, or in the absence thereof, the director having the longest length of service, and if equal lengths of service, the oldest, shall temporarily assume the chairmanship of the Board of Directors, which must be convened to meet within a period of not more than forty-eight hours from the time that such unavailability becomes known. The agenda of said meeting shall include the identification of the person who must temporarily assume the duties of chairman of the Board of Directors, and the planning of the definitive succession shall be entrusted to a specific committee upon the terms described in section 1.2.A) above.

If there is more than one vice-chair, the executive chairman shall be replaced by the one that is expressly appointed by the Board of Directors for such purpose, or in the absence thereof the vice-chair having the longest length of service in office, and in case of equal lengths, the oldest.

### **1.3 Succession Plan for the Chief Executive Officer**

#### **A) Advance notice**

If the chief executive officer gives early notice of the chief executive officer's desire to resign from the position, the succession thereof shall be planned and coordinated by the Appointments Committee, which may contract for the advice of an independent expert to be paid for by the Company.

Within a period of not more than thirty days from the date that the chief executive officer gives early notice of his or her desire to resign from the position, the Appointments Committee shall provide to the Board of Directors a proposal regarding the replacement thereof. To this end, it must take into particular account the candidate(s) presented by the chairman of the Board of Directors. In making its proposal, the Appointments Committee must also weigh the particular personal and professional skills of the candidate.

The Appointments Committee shall favourably value those candidates that are directors or members of the management team of the Company or of other companies of the Group and that have been linked thereto as directors or professionals for at least five years.

Unless otherwise stated by the chief executive officer, the chief executive officer shall continue to perform all of the duties thereof until the Board of Directors appoints a new chief executive officer.

#### **B) Non-occasional and unexpected non-availability**

In the event of non-occasional or unexpected unavailability of the chief executive officer, the duties thereof shall be temporarily assumed by the chairman of the Board of Directors (or if the chairman is unable to do so for any reason, they shall be assumed by the person appointed in accordance with section 1.2.B above), who must call to meeting (or request the call to meeting) of the Board of Directors to meet within a period of not more than forty-eight hours from the time that such unavailability becomes known. The agenda of said meeting shall include the identification of the person who must temporarily assume the duties of chief executive officer, and the planning of the definitive succession shall be entrusted to the Appointments Committee upon the terms described in section 1.3.A) above.

#### **1.4 Succession Plan for the Executive Chairman of the Board of Directors and of the Chief Executive Officer (simultaneous cessation of office)**

In the event that the executive chairman and the chief executive officer cease to hold their respective offices simultaneously, the duties of the chairman of the Board of Directors shall be assumed by the person appointed as indicated in section 1.2.B) above and those of the chief executive officer by the same person, and the process provided in section 1.2.A) for the appointment of the chairman of the Board of Directors shall commence and, upon the conclusion thereof, the process provided in section 1.3.A) for the appointment of the chief executive officer shall commence. In this case, the appointments of the executive chairman and the chief executive officer

must be approved within a period of no more than ten days from the date on which they definitively cease to hold their respective offices.

## **2. Limits on Travel by the Members of the Board of Directors Using the Same Means of Transport**

The following may not travel together on the same means of transport:

4. One-half or more of the members of the Board of Directors.
5. One-half or more of the members of the Executive Committee.
6. The chairman and all of the vice-chairs of the Board of Directors.
7. The chair of the Board of Directors and the chief executive officer.
8. The secretary and the deputy secretary of the Board of Directors.

“Means of transport” shall mean any vehicle used for the transport of persons by land, sea or air, including automobiles, buses, trains, ships and aeroplanes (whether commercial or private).

## **3. IT Security and Privacy Rules**

The following mandatory rules and limitations are established on the use by the directors of the software and on-line systems, applications and elements relating to the performance of their duties, and particularly on accessing the directors’ website and information regarding the Group, as well as on participating in meetings of the Board of Directors or of the committees thereof:

- a) Directors must follow the instructions established and communicated to them by the Company concerning access, security, operation and use of the hardware and software, including computer programs, access to websites, applications and mobile communication devices.
- b) Before using private data transmission devices to access the Company’s systems and applications, they must inform the Office of the Secretary of the Board of Directors and comply with the security and privacy protocols established by the Company.
- c) At the meetings of the Board of Directors and of the committees thereof, as well as at any other meeting in which the directors of the Company participate in their capacity as directors, they must observe the security and privacy protocols

established by the Company, which may contemplate that mobile telephones and data transmission devices in general are to be switched off during the entire duration of such meetings, as well as restrictions on receiving or making calls or connections during the meetings.

The Company shall respect and protect the privacy of directors' communications and data in the use of the software and on-line systems, applications and elements it makes available to them.

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## **ANNEX II**

### **Specific Rules regarding the Use of Remote Communication Systems to Hold Meetings of the Board of Directors and of the Committees thereof**

#### **Rule One. Forms of Holding Meetings**

1. Meetings of the Board of Directors and of the committees thereof shall be held in person at the place indicated in the call to meeting.
2. If so decided by the chair of the decision-making body in question on an exceptional basis, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The directors in attendance at any of such interconnected places shall be deemed for all purposes to have attended the same meeting.
3. The call to meetings to be held at several places connected among themselves shall prioritise the use of rooms available at facilities of the Group's companies and the use of systems in the following order of priority: telepresence, video-conference and conference calls.

#### **Rule Two. Attendance at Meetings by Remote Communication Systems**

1. On an exceptional basis, based on the circumstances in each case, the chair of the decision-making body in question may authorise the attendance at the meeting of one or more directors by using remote connection systems that permit the recognition and identification thereof, permanent communication with the place where the meeting is held, and their participation therein and the casting of votes, all in real time.
2. For this purpose, efforts shall be made for the director who must attend a meeting using remote communication systems to connect from a room available at the facilities of the Group's companies.
3. If this is not possible or appropriate, the chair of the decision-making body in question may authorise the connection from other locations using devices provided by the Company (computer, tablet or mobile phone), giving priority to the use of video-conference systems, and allowing telephonic means (without image) on an exceptional basis.

4. The chair of the decision-making body in question may approve the use of other access systems on justified grounds, provided that this does not endanger the confidentiality of the meeting.
5. These instructions must be observed for the attendance of guests at meetings of the Board of Directors and of the committees thereof.

### **Rule Three. Confidentiality**

1. If the attendance of directors or guests at any meeting of the Board of Directors or of the committees thereof does not take place at the facilities of the Group's companies, the attendees shall be responsible for taking the measures necessary to ensure the confidentiality of the meeting.
2. For this purpose, they must connect from a private, closed and silent room that ensures the confidentiality of the deliberations, resolutions and materials used at the meeting and without the presence of third parties.

### **Rule Four. Identification of Attendees**

1. The secretary for the meeting shall be responsible for identifying the remote attendees at the beginning of the meeting and, in the case of guests, when they connect. If the secretary connects remotely, the chair of the meeting shall be responsible for the identification thereof.
2. If there are reasonable concerns regarding the identity of an attendee at the meeting, the chair may decide that they must leave the meeting.

### **Rule Five. Conduct of the Meeting**

1. In the interests of good order and conduct of the meetings held using remote communications systems, the attendees (whether directors or guests) must observe the measures indicated by the chair of the decision-making body, including, by way of example and not limitation, the disconnection of calls placed on hold or muting the microphones of the devices from which they are connecting.
2. Meetings at which remote communications systems are used may not be subject to any type of recording, storage, broadcast or dissemination.
3. If a director attending remotely must leave the meeting during deliberations or voting on a matter pursuant to the provisions of the *Regulations of the Board of Directors*, the



director must disconnect from the meeting. The secretary for the meeting must verify the disconnection and record it in the minutes.

4. The secretary for the meeting shall be responsible for verifying that guests attending meetings remotely do so at the portion of the meeting decided by the chair.
5. The chair of the meeting may suspend or end the meeting at any time due to technical incidents that prevent the proper conduct thereof or endanger the confidentiality of the deliberations, the resolutions or the materials used.
6. If a technical incident definitively prevents the connection of the chair of the meeting with the other attendees, the meeting shall automatically be deemed to have ended. The secretary shall record this in the minutes, and no additional resolution or action shall be required. In other instances, the chair of the meeting shall be responsible for deciding whether to continue with or to suspend the meeting.

#### **Rule Six. Compliance with Rules**

Prior to connecting to any of the meetings of the Board of Directors or of the committees thereof (or immediately after connecting, if not possible beforehand), the attendees (whether directors or guests) must confirm that they are aware of and undertake to comply with the rules described above.

#### **Rule Seven. Interpretation**

The chairman of the Board of Directors shall be responsible for the final interpretation of these rules. Without prejudice to the foregoing, if any issues arise regarding the interpretation hereof which must be resolved during the meeting and the chairman of the Board of Directors is not in attendance because it is a meeting of another decision-making body, they shall be resolved by the person chairing the meeting, and in the absence thereof, by the secretary of the decision-making body in question.

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## **POLICY FOR THE DEFINITION AND COORDINATION OF THE IBERDROLA GROUP AND FOUNDATIONS OF CORPORATE ORGANISATION**

20 December 2022

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, and within the framework of the law and the *By-Laws*, the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*, as well as its power to establish the Group’s structure and define the organisational model and supervise compliance therewith and the further development thereof, the Board of Directors hereby approves this *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation* (the “**Policy**”).

### **1. Purpose**

The purpose of this *Policy* is to define the corporate and governance structure of the Group, which is based on a recognition of the reality of a multinational, multi-corporate, diversified and efficiently organised and coordinated group for the best development of the corporate object and the achievement of the corporate interest.

### **2. Scope of Application**

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest to which this Policy does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

### **3. General Principles**

Pursuant to the provisions of its *By-Laws*, the Company pursues its corporate object indirectly, by owning shares or membership interests in other companies.

In this respect, the Group is configured on the basis of the separation between the function of strategic definition and supervision, on the one hand, and that of day-to-day administration and effective management, on the other, providing itself in this respect with a decentralized structure inspired by the principle of subsidiarity and respect for the autonomy of the companies that comprise it, which do business in accordance with the highest ethical standards and in compliance with the good governance recommendations generally recognised in international markets, adjusted to their needs and particularities.

Therefore, essential premises for this *Policy* are the differentiation of the functions corresponding to the Company, as the holding company of the Group, domiciled in Biscay and with Spanish nationality, from the country subholding companies established in the territories in which the companies of the Group do business, and the head of business companies, whether Spanish or foreign.

All of them share the principles reflected in the *Purpose and Values of the Iberdrola Group* and in the *Code of Ethics* and conceive of the social dividend as the direct, indirect or induced contribution of value of their activities for their Stakeholders, particularly through their contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

### **4. Definition of the Corporate and Governance Structure**

The structure of the Group, which is an essential part of the Governance and Sustainability System, is comprised of:

- a) the Company, which is configured as a listed holding company, the main function of which is to act as the entity owning the equity stakes in the country subholding companies;

- b) the country subholding companies, which in turn group together the equity stakes in the head of business companies; and
- c) the head of business companies.

All of them have their own human and material resources to autonomously carry out the duties assigned thereto by the Governance and Sustainability System.

This corporate configuration is intended to favour an agile and rapid decision-making process in day-to-day administration and management, which is within the purview of the head of business companies, while at the same time achieving proper coordination of business activities at the Group level, as described below, as a result of the duties of organisation and supervision performed by the country subholding companies and the Company and within their respective purviews.

Based on the corporate organisation, the Group's governance structure, which is a key part of the Governance and Sustainability System, is governed by the principles described below, which duly distinguish between the duties of strategic definition and supervision, on the one hand, and day-to-day and effective management, on the other:

- a) Vesting the Company's Board of Directors with powers relating to the approval of the strategic goals at the Group level, the definition of its organisational model, the supervision of compliance therewith and further development thereof, as well those relating to decisions on matters of strategic importance at the Group level, while fully observing the special framework of strengthened autonomy of the listed country subholding companies referred to in d) below.
- b) Assumption by the chairman of the Board of Directors by the chief executive officer, with the technical support of the Operating Committee, and by the management team, of the duty of supervision, organisation and strategic coordination at the Group level through the dissemination, implementation and monitoring of the overall strategy and the basic guidelines for the management thereof established by the Company's Board of Directors.
- c) The function of strategic supervision, organisation and coordination is strengthened through the country subholding companies, which perform it in relation to the territories, countries or businesses decided by the Company's Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines at the Group level based on the characteristics and particularities of their respective territories, countries or businesses.

One of the main functions of the country subholding companies is to centralise the provision of services common to their head of business companies, in accordance with

the provisions of applicable law and especially the legal provisions regarding the separation of regulated activities.

In this regard, the country subholding companies facilitate the coordination of companies in which they hold an interest and are given the responsibility of ensuring compliance with legal provisions on the separation of regulated activities.

In order to specify the application of the Governance and Sustainability System based on applicable law in each territory, country or business, as well as on the characteristics and particular features thereof, and to comply with the responsibilities allocated thereto by the Governance and Sustainability System, the country subholding companies approve rules applicable to their subsidiary head of business companies and specify the application in each territory, country or business, as applicable, of the content of the policies, overall strategies and basic guidelines for management thereof approved by the Company's Board of Directors that cover the Group as a whole.

To best carry out their functions, country subholding companies have within their boards of directors at least one external director who, because of the personal and professional qualities thereof, may carry out their duties without being constrained by relationships with the companies of the Group or with the directors, significant shareholders or members of the management thereof, as well as audit and compliance committees, in addition to their own internal audit and compliance units or divisions.

The chief executive officers of each country subholding company, appointed by their respective boards of directors, shall promote the specific application of the policies, the overall strategies and the basic guidelines for management thereof in each territory, country or business, as applicable, proposing the annual targets and budget, with the ability to represent their respective companies before domestic institutions in coordination, if appropriate, with the chief executive officers of the head of business companies in accordance with the provisions of e) above, and perform such other duties as are determined by each board of directors, always acting under the supervision thereof.

- d) The listed country subholding companies have a special framework of strengthened autonomy that covers the three areas mentioned below.

In the regulatory area, the boards of directors of the listed country subholding companies are authorised to approve their own policies and other internal codes and procedures that specify, develop or make exceptions from the content of the equivalent rules of the Governance and Sustainability System.

In the related-party transactions area, the boards of directors of listed country subholding

companies have a committee of their board of directors comprised exclusively of directors without a connection to the Company and that have the power to approve all transactions between the listed country subholding company and the subsidiaries thereof with the other companies of the Group in addition to the authorisations generally required in each case based on the nature of each transaction.

In the management area, listed country subholding companies enjoy a system of strengthened autonomy vis-à-vis the Company, which prevents it and the other companies of the Group from giving to their management team and the management teams of their subsidiaries instructions that interfere with the exercise of the powers vested therein by the Governance and Sustainability System.

The special framework of strengthened autonomy is implemented in the respective contracts signed by the Company with each listed country subholding company.

- e) The head of business companies assume decentralised executive responsibilities, enjoy the independence necessary to carry out the day-to-day administration and effective management of the businesses, and are responsible for the day-to-day control thereof.

These head of business companies are organised through their respective boards of directors, which where appropriate include external directors who, because of the personal and professional qualities thereof, carry out their duties without being constrained by relationships with the companies of the Group or with the directors, significant shareholders or members of the management thereof, as well as their own managing boards, and may also have their own audit committees, internal audit areas and compliance units or divisions.

The chief executive officer of each head of business company are responsible for the effective management thereof under the supervision of its board of directors, to which they shall propose the objectives of the businesses and the annual budgets within the framework of the overall strategy of the businesses established at the Group level, and may represent their respective companies before national institutions if they are domiciled in a country or territory other than that of the country subholding company to which they are subordinate, on a coordinated basis with the chief executive officer of the latter.

The provisions of the preceding paragraphs shall be without prejudice to respect for the corporate autonomy of the subsidiaries of the head of business companies domiciled in countries or territories other than that of the parent company. These subsidiaries may be vested with the effective management of their business activities within their country or territory.

The selection of the directors of the country subholding and head of business companies shall

endeavour to comply with the *Board of Directors Diversity and Member Selection Policy*, avoiding any implied bias entailing any kind of discrimination, and, in particular, that hinders the selection of female directors.

The Company's Appointments Committee also reports on or prepares proposals regarding the appointment or removal of external directors of both unlisted country subholding companies and of other companies in which the Company has a direct or indirect interest and that are not controlled by a country subholding company. In addition, the Company's Appointments Committee acknowledges the appointment or removal of the external directors of both the head of business companies (that are not controlled by a listed country subholding company) and of the other companies in which the non-listed country subholding companies that are not controlled by a head of business company have a direct or indirect interest.

In order to facilitate the orderly performance of the duties inherent in its status as a holding entity of the Group, the Company's Board of Directors establishes a number of mechanisms that allow for the exchange of information needed for the strategic coordination of the activities performed by the various country subholding companies and head of business companies, without detracting from independence in decision-making by each of them or the requirements imposed on their directors by law and those deriving from the Governance and Sustainability System, in the interest of all of the companies within the Group.

## **5. The Group's Business Model**

The corporate and governance structure of the Group in turn allows for global integration of the businesses in accordance with the Group's Business Model, which is focused on maximising the operational efficiency of the various business units and ensures the dissemination, implementation and monitoring of the overall strategy and the basic management guidelines established for each business, primarily through the exchange of best practices among the various companies of the Group without detracting from independence in decision-making by each of them and the demands imposed upon their directors by law and those deriving from the Governance and Sustainability System.

As part of the Business Model, the Company, within the framework of the duties assigned thereto, promotes the creation and operation of global committees in the interest of each of the businesses in order to maximise the generation of synergies and the exploitation thereof by the companies of the Group. These committees are authorised to approve global guidelines and recommendations, propose initiatives for improvement, favour the exchange of best practices and support the chief executive officer and those responsible for the businesses in the performance of their duties of strategic supervision, coordination and organisation, all without undermining the corporate autonomy of the companies of the Group.

## **6. Operating Committee**

Within the Group's corporate and governance structure, the Operating Committee is an internal committee of the Company, the essential function of which is to provide technical support to the chairman of the Board of Directors and to the chief executive officer, in order to facilitate the development of the Business Model.

## **7. Duties of the Company's Board of Directors with respect to the Group's Corporate and Governance Structure**

The Board of Directors of the Company in any event has the following duties with respect to the corporate and governance structure of the Group:

- a) conform the corporate and governance structure, organisational model and Business Model to the requirements of the corporate interest, complying with applicable law, the Governance and Sustainability System and the Compliance System, and acting in accordance with the *Purpose and Values of the Iberdrola Group* and with the commitments made in the *Code of Ethics*;
- b) endeavour to ensure that the corporate and governance structure as well as the Business Model contribute to the social dividend, reflecting and disseminating the Company's performance in this regard through the statement of non-financial information;
- c) foster an egalitarian, diverse and inclusive culture of talent management and promotion as a reflection of the social and cultural reality of the companies making up the Group;
- d) include in the corporate governance practices covering the Group, the promotion of innovation and digital transformation through the use of new technologies, while preserving security and privacy in furtherance of the corporate interest;
- e) conform the structure of the Group to the legal requirements applicable in the jurisdictions in which it does business, and particularly to those regarding the rules of each jurisdiction on separation of regulated activities;
- f) determine the location of the headquarters of the Company and of the other companies belonging to the Group based on the corporate interest, and make the relevant decisions or when appropriate submit them to the shareholders at a General Shareholders' Meeting for adoption thereof, in all cases respecting the special framework of strengthened autonomy of the country subholding companies;
- g) analyse potential conflicts of interest and approve Related-Party Transactions (as this term is defined in the *Regulations of the Board of Directors*) affecting any company of



the Group, unless the power to approve the Related-Party Transaction is vested in the shareholders acting at a General Shareholders' Meeting in accordance with law or there has been a delegation pursuant to the provisions of the *Regulations of the Board of Directors*. Without prejudice to the foregoing, and as regards those conflicts of interest or Related-Party Transactions affecting listed country subholding companies, the Company's Board of Directors shall ensure compliance with the rules on conflicts of interest and Related-Party Transactions established within the corresponding special framework of strengthened autonomy;

- h) endeavour to ensure the reconciliation of the interest of the companies of the Group that have outside shareholders with the policies and strategies covering the entire Group;
- i) introduce appropriate strategic coordination and organisation mechanisms in the interest of the Company and of the other companies within the Group, pursuant to the Group's Business Model;
- j) approve the creation or acquisition of equity interests in special purpose entities or entities residing in countries or territories that Spanish legal provisions consider to be tax havens or that are included in the EU blacklist of non-cooperative jurisdictions, in line with the *Corporate Tax Policy*, as well as any other transactions of a similar nature that, due to their complexity, might diminish transparency; and
- k) submit to a decision by the shareholders at a General Shareholders' Meeting the inclusion within controlled entities of core activities theretofore carried out by the Company, even if they are wholly owned thereby.

Furthermore, as regards investee entities that do not form part of the Group, the Board of Directors, in defining the general strategy at the Group level, shall respect the particular regulatory aspects affecting such entities due to their nature as a regulated or listed company, their nationality, the jurisdictions in which they do business or any other circumstance that might affect them.

## **8. Related-Party Transactions**

The Board of Directors of the Company, and the Executive Committee in urgent cases, shall be the bodies competent to approve or authorise Related-Party Transactions affecting any company of the Group, and in an amount or value that does not exceed the percentage determined by law to be within the purview of the shareholders acting at a General Shareholders' Meeting, provided that approval thereof has not been delegated pursuant to the provisions of the *Regulations of the Board of Directors*.

In those instances in which the Related-Party Transaction must be authorised by the Board of

Directors or the Executive Committee of the Company, and the Company does not directly participate in such transaction, the scope of approval shall be limited to verification that the Related-Party Transaction is fair and reasonable from the standpoint of the Company and, if applicable, of Company shareholders other than the related party, with the competent body of the company participating in the Related-Party Transaction maintaining its powers to decide on whether or not it is appropriate to carry out the transaction.

As regards those Related-Party Transactions affecting listed country subholding companies, the Company's Board of Directors shall also ensure compliance with the rules on related-party transactions established within the corresponding special framework of strengthened autonomy.

## **9. Foundations**

The country subholding companies may entrust the implementation of the sustainable development strategy to various foundations with which they have agreements but which are separate from the corporate structure of the Group and which have independence for the achievement of their purposes and full functionality and autonomy.

These entities implement within their respective territories or countries the sustainable development strategy designed by the Company's Board of Directors, to the extent that it conforms to their founding purposes and is entrusted thereto by the board of directors of the country subholding company with which they have agreements, contributing to the generation of the social dividend and particularly to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN). They receive annual funding corresponding to their functions.

The Foundations Committee, which is an internal consultative body without executive duties, ensures the proper coordination of said foundations, in accordance with the provisions of the *General Sustainable Development Policy*.

## **10. Use of the IBERDROLA Brand**

The Governance and Sustainability System recognises the IBERDROLA brand as a hallmark of the Company and the principal symbol of the *Purpose and Values of the Iberdrola Group*.

To the extent that the companies of the Group or foundations use such brand –owned by the Company– as part of their trade names and distinctive marks used to carry out their businesses, the use thereof shall be governed by the provisions of the *Brand Policy* and the other internal rules established by the Company.

## **11. Stakeholder Engagement, Corporate Websites, Presence on Social Media and Digital Transformation**

The country subholding and head of business companies shall have a presence on the internet,

and in particular shall actively participate in social media in order to engage with their respective Stakeholders, working together on the innovation and digital transformation strategy of the Group.

For these purposes, the country subholding companies and head of business companies shall have their own identity on social media and their corporate website, the contents of which must be managed in accordance with the guidelines established for such purpose by the Company, and for each territory, country or business by the country subholding companies, if applicable.

The country subholding and head of company companies shall adopt the measures necessary to avoid their corporate websites being confused with that of the Company.

The corporate websites of the country subholding companies and of the head of business companies shall be structured around specific sections intended to identify the corresponding company and its activities, describe its relationship with the other companies of the Group and its environmental, social and corporate governance position, and promote its relations with society in general and with the other relevant Stakeholders, fostering their engagement and strengthening their sense of belonging.

The foundations linked to the Group having agreements with the country subholding companies for the implementation of the sustainable development strategy in their respective country or territory contribute to improving relations and dialogue with the Company's Stakeholders, without prejudice to the autonomy and independence of said entities to achieve their purposes.

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This *Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 20 December 2022.

## BRAND POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, and within the framework of the law and the *By-Laws*, the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*, and its sustainable development strategy, the Board of Directors hereby approves this *Brand Policy* (the “**Policy**”).

### 1. Purpose

This *Policy* is intended to protect and contribute to the value of the Iberdrola brand and to establish certain main principles of conduct allowing all of the companies belonging to the Group, to use it as a springboard that contributes to enhance its reputation and to the success of its businesses.

### 2. Scope of Application

This *Policy* applies to all companies of the Group, to the entities in the nature of foundations linked thereto and to which a license has been granted, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

### 3. The Iberdrola Brand

The Iberdrola Brand belongs to the Company and constitutes one of its strategic assets, both financially and in the social, environmental and corporate governance dimensions: it is a hallmark of identity of the Company and of the Group and the principal symbol of the *Purpose and Values of the Iberdrola Group*.

As a hallmark of identity, the Iberdrola brand is a key element in the corporate strategy of the Company and of the other companies of the Group. As the symbol of the *Purpose and Values of the Iberdrola Group*, it is a springboard for creating value that can be used by all of the companies of the Group to contribute to the success of its businesses.

All of the companies of the Group must ensure that the Iberdrola brand is associated with the principles set out in the *Purpose and Values of the Iberdrola Group*, and thus to its commitments to the maximisation of its social dividend and the sustainable creation of value, the improvement of quality of life, the safety of people and of supply, the protection of the environment and customer focus.

In the case of the Company, the Iberdrola brand also contributes to two-way interaction with its shareholders, and fosters engagement in corporate life by the shareholders and other Stakeholders, forges a sense of belonging, and contributes to the alignment of their interests with those of the Company.

The use of the Iberdrola brand also favours the business activities of the companies of the Group, as well as its relations with all Stakeholders generally.

## 4. Use of the Brand

The Company may license the use of the Iberdrola brand to all of the companies of the Group and to the entities in the nature of foundations linked to the Group. All licensees shall be required to comply with the provisions of this *Policy* and any corresponding brand licensing agreement implementing the terms and conditions for using the Iberdrola brand. The Company may receive remuneration for the use of the brand, and particularly as consideration for receiving the benefits arising from the use thereof, upon the terms and conditions agreed in the corresponding license agreement.

Entities licensing the Iberdrola brand must use it in the same manner and in accordance with the standards of the *Iberdrola Brand Usage Guide* in effect from time to time, as well as with the quality control clauses of the relevant brand licensing agreement.

Any use of the Iberdrola brand that differs from the provisions of the *Iberdrola Brand Usage Guide* must be authorised in advance pursuant to the provisions of said guide.

The Iberdrola brand may form part of the trade names and distinctive signs used by the companies of the Group in carrying on their businesses.

Entities licensing the Iberdrola brand shall ensure that said use does not cause confusion regarding their own identity and independence. For these purposes, except in those situations allowed by the *Iberdrola Brand Usage Guide*, all of the companies of the Group (other than the Company itself), as well as entities in the nature of foundations linked thereto, that use the Iberdrola brand shall use it together with their own distinctive name.

The listed country subholding companies and the subsidiaries thereof must in any case use a different corporate name and brand that contributes to the differentiation thereof as autonomous entities belonging to the Group. In such instances, ownership of the relevant brand shall be held by each listed country subholding company.

## 5. Ceasing Use of the Brand

The companies of the Group shall cease to use the Iberdrola brand, including the use thereof in their own trade name or corporate name, in accordance with the provisions of any corresponding licence agreement, and in any event if such use might put at risk the reputation of the Group's companies or when the company no longer belongs to the Group. In this latter event, when there are circumstances that so warrant, the Company may authorise companies that no longer belong to the Group to use the Iberdrola brand on a temporary basis. The same principles shall apply to entities in the nature of foundations linked to the Group in the event that they no longer have said connection.

## 6. Protection of the Brand

The companies of the Group shall take the actions needed to protect and contribute to the value of the Iberdrola brand, seeking effective protection of the Company's rights thereto throughout the world and in all areas in which they are or expect to be present, particularly including the internet and social networks.

The companies of the Group and entities in the nature of foundations linked thereto may not directly or through third parties apply for and/or register trademarks, trade names, domain names, social profiles or any other distinctive mark that is identical or similar to the Iberdrola brand without the prior approval of the Company.

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This *Policy* was initially approved by the Board of Directors on 22 December 2015 and was last amended on 20 June 2023.

## STATUTORY AUDITOR CONTRACTING AND RELATIONS POLICY

20 December 2022

The Audit and Risk Supervision Committee (the “**Committee**”) of IBERDROLA, S.A. (the “**Company**”) hereby approves this *Statutory Auditor Contracting and Relations Policy* (the “**Policy**”).

### 1. Purpose

The purpose of this *Policy* is to ensure that the position of statutory auditor of the individual accounts of the Company and of the accounts of the Company consolidated with those of its subsidiaries is held by an independent firm that has the technical qualifications required to perform its work in an efficient and responsible manner and in accordance with applicable legal provisions.

In particular, it governs the selection, appointment and any re-election or removal of the statutory auditor of the individual accounts of the Company and of the accounts of the Company consolidated with those of its subsidiaries, as well as the framework of relations with such statutory auditor and the procedure for evaluating the activities thereof.

This *Policy* also sets forth the principles that must govern the selection, appointment and any re-election or removal of the statutory auditors of the other companies within the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”), as well as the framework of relations between such companies and their auditors.

### 2. Scope of Application

This *Policy* is of general application to the Company.

Within the limits established by law, it is also applicable to the other companies of the Group as well as to investee companies not belonging to the Group over which the Company has effective control, within the limits established by law, in both cases as regards the principles that must govern the selection, appointment and, if applicable, re-election and removal of auditors and the framework of relations therewith, all in accordance with the provisions of Section 9 below.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy. In any event, such policy must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the

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### 3.1 Selection procedure

The Committee is the body responsible for the procedure of selecting the Company's statutory auditor. In particular, the Committee shall establish the minimum requirements to be satisfied by entities applying to act as statutory auditors of the Company, as well as the most appropriate selection and contracting procedure, which must be impartial, transparent, efficient and non-discriminatory, and contemplate the holding of a tender among the various candidate entities to ensure compliance with the foregoing requirements. In any event, the Committee shall ensure, among other things, strict compliance with the regulations applicable to the selection and contracting of statutory auditors, and particularly the equal treatment of the candidates.

For such purposes, the Committee shall approve a set of bid terms and conditions for all candidates invited to participate in the selection procedure, whereby they may become familiar with the activities of the Company and the characteristics and scope of the required services, including any non-audit services. The bid terms shall also contain a tentative schedule for the process.

To protect the integrity of the selection process and the confidential information that the Company makes available to the candidates, a corresponding confidentiality agreement shall be signed with each of them.

The bid terms and conditions shall include transparent and non-discriminatory selection standards, which the Company shall apply objectively in evaluating the bids submitted. Such standards must include at least the following:



- a) the statutory auditor's resources, skills and experience, especially in the energy sector, in the application of *International Financial Reporting Standards*, in the provision of services to the Group, in the auditing of international groups similar in size to that of the Group, and in maintaining relations with audit committees at listed companies;
- b) the presence of the statutory auditor in the countries in which the Group does business;
- c) the independence of the statutory auditor, particularly due to its individual circumstances or in relation to the provision to the Group of non-audit services, pursuant to applicable legal provisions, as well as any other circumstance arising from the independence rules to which the statutory auditor is subject.
- d) the quality and efficiency of its services. For this purpose, the Committee shall take into account the results of the inspections of the various statutory auditors that may have been performed by the Instituto de Contabilidad y Auditoría de Cuentas (Institute of Accounting and Accounts Auditing) (the "ICAC") or other leading regulatory bodies, as well as strict compliance with any other requirement established by applicable legal provisions at any time.

In no event may the ability of the statutory auditor to provide non-audit services be a standard for selection.

The Committee shall establish a weighting for each of the selection standards set out in the bid terms and conditions, which shall not form a part thereof. The Committee shall not overweigh the proposed fees or other quantitative aspects.

In addition to the selection standards, the bid terms and conditions must state the terms of the bid that can be negotiated by the statutory auditor in strict compliance with the legal provisions in effect at any time.

The Committee may provide in the bid terms and conditions for the possibility of not proceeding with the selection procedure or abandoning the tender.

The Committee may request:

- i. through the secretary of the Board of Directors, the assistance of members of the management team or professionals of: (a) the Company; or (b) of any company of the Group that is not subordinate to a country subholding company that has its own audit committee.

- ii. in turn, the audit and compliance committees of the country subholding companies shall channel the Committee's requests for assistance addressed to the members of the management team or professionals of their dependent companies.

In this regard, the division or area of the Group that provides assistance shall make conclusions regarding the selection process in a report to be ratified, if applicable, by the Committee or the audit and compliance committee of the country subholding company, as appropriate.

The candidates shall submit their bids to the Committee at one or more meetings called for this purpose, at which the Committee may ask the candidates questions and request the clarifications it deems are appropriate.

Communications with the candidates shall in any event be led by the Committee. The candidates must refrain from requesting additional information through channels other than those established by the Committee for such purpose in the bid terms and conditions. Furthermore, no company of the Group shall respond to any question or request for information that is not channelled through the Committee.

The Committee shall not submit a proposal to the Company's Board of Directors for appointment of an audit firm as the Company's statutory auditor if it has evidence that such firm is affected by any circumstance of lack of independence, prohibition or disqualification pursuant to the legal provisions governing the audit of accounts applicable at any time.

In particular, the foregoing shall apply 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 statutory auditor or audit firm or to a member of its network during each of the last three consecutive financial years represent more than fifteen per cent of the total annual income of the statutory auditor or audit firm and of said network.

The tender may include the selection of the statutory auditor of other companies of the Group provided that applicable legal provisions in each case do not prevent the selection thereof.

### 3.2 Proposal for appointment

Once the bids submitted have been evaluated in accordance with the selection standards set forth in the bid terms and conditions, the Committee, based on the

report, if any, submitted by the relevant division or area, shall submit to the Board of Directors a report describing the selection process and recommending two candidates to serve as statutory auditor of the individual accounts of the Company and the accounts of the company consolidated with those of its subsidiaries, indicating its preference for one of them and providing sufficient grounds therefor. This recommendation shall be free of any third-party influence.

The report of the Committee must include the following aspects:

- i. an express statement that its recommendation is free from any third-party influence;
- ii. that no contractual provision has been imposed upon it whereby the election is restricted to certain categories or lists of statutory auditors, pursuant to the terms of applicable legal provisions; and
- iii. the financial years for which recommends appointing the candidates in question.

In view of the report, the Board of Directors shall propose to the shareholders at the General Shareholders' Meeting the appointment of one of the two candidates selected by the Committee, with the reasons for the proposal if it differs from the preference of the Committee.

#### **4. Appointment, Re-election and Removal**

The appointment, re-election and removal of the statutory auditor that is to verify the individual annual accounts of the Company as well as the accounts of the Company consolidated with those of the companies belonging to the Group is within the purview of the shareholders acting at the General Shareholders' Meeting, upon a proposal of the Board of Directors, prepared in view of the report of the Committee upon the terms of Section 3.

Before the end of the financial year in which the appointment of the Company's statutory auditor is to expire, the Committee shall consider its possible re-election or, if appropriate, the commencement of the procedure for selecting and appointing a new statutory auditor, pursuant to the provisions of this *Policy*.

To such end, the Committee shall take into account the result of the annual evaluation of the independence and quality of the work performed by the Company's statutory auditor, as well as any time and quantitative limits established by applicable legal provisions.

The Committee may only propose the removal of the statutory auditor to the Board of Directors, for subsequent submission to the shareholders at the General Shareholders' Meeting, if so allowed by legal provisions.

## **5. Relationship with the Statutory Auditor**

The Committee shall serve as the channel of communication between the Board of Directors and the statutory auditor. The Committee shall maintain an objective, professional, fluid and ongoing relationship with the Company's statutory auditor, and shall at all times respect the independence thereof.

The Committee shall ensure that the Board of Directors meets 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 annual schedule of Committee meetings must include all items that might influence the audit report and the independence of the statutory auditor. The following actions should be taken to facilitate communication between the Committee and the statutory auditor:

- a) the Committee and the statutory auditor must notify each other of any significant aspect detected in relation to the Internal Control over Financial Reporting System or to the audit.
- b) the Committee must ask the statutory auditor for information regarding the most important aspects of its strategy and its work plan in relation to the audit of the Company, including: (i) the determination of the materiality figure; (ii) how it plans to respond to the most significant risks; (iii) the resources assigned to the performance of the work; (iv) the reasons for the use of specialists, if required; and (v) a schedule for the planned work, indicating the nature and scope of the tests of controls and substantive tests that have been planned.
- c) the Committee shall discuss with the statutory auditor the opinions rendered regarding: (i) the quality and applicability of the Company's accounting principles; (ii) the major assumptions used in critical estimates, particularly those with a high level of uncertainty, and significant changes thereto; (iii) errors and violations identified by the statutory auditor, specifying whether or not they have been corrected by the Company; and (iv) difficulties encountered during the course of the audit.
- d) during the audit work, the Committee must ask the statutory auditor for the communications required to facilitate the supervision of the process of preparing the

financial information relating to the Company and its Group, including its opinion on the accounting treatment of complex, high-risk or controversial transactions by management.

- e) the Committee must ask the statutory auditor for information regarding: (i) the materiality figures, for the financial statements as a whole and, if applicable, for particular transactions, balances or information to be disclosed in the notes to the annual accounts; (ii) consideration of qualitative aspects for determination thereof; and (iii) how it will determine the scope and level of the audit work.
- f) the Committee shall discuss with the statutory auditor the methods and assumptions used by Management in significant accounting estimates, as well as the effect of considering alternative methods or assumptions, and the consideration by the statutory auditor of data or information that might contradict Management's assumptions.
- g) the Committee and the statutory auditor shall evaluate whether their communication and relationship have been appropriate, and if necessary, whether the Committee should adopt measures to improve them.

The Committee shall verify compliance with the statutory auditor's audit plan, for which purpose it shall regularly receive from the statutory auditor information regarding such audit plan and the results of the implementation thereof.

For its part, the statutory auditor shall submit to the Committee an annual report with its recommendations as a product of its work. The Committee shall follow up on all recommendations proposed by the statutory auditor, and may require its cooperation whenever it deems it necessary. The statutory auditor shall also explain to the Committee how it has dealt with the risks encountered.

Finally, whenever the Committee knows or has been informed that the statutory auditor believes that any of the circumstances provided for in article 12.1 of *Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC* (or any other legal provision that at any time replaces it) is present, it shall propose to the Board of Directors the adoption of appropriate measures to cause the removal of the reasons for such circumstances, to the extent that they are factors under the Company's control, or, if not possible, to mitigate the impact thereof on the financial statements.

## **6. Independence**

The Governance and Sustainability System ensures the establishment of the required relations between the Committee and the statutory auditor so that the former receives from the latter specific information regarding matters that might compromise the independence thereof.

The Committee shall endeavour to ensure that the statutory auditor of the Company is independent and that this is made clear in the relations between them.

To this end, prior to formalisation thereof, the Committee must receive information regarding any contract it intends to sign with the statutory auditor or audit firm or with any 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 individually and globally 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, which must be accompanied by a sufficient description of the services requested to allow the Committee to perform a comprehensive and effective analysis of the impact that the contracting thereof might have on independence, both individually and collectively.

The provision of non-audit services by the auditor or audit firm or by any member of its network must be approved in advance by:

- a) the Committee in all cases, whether the services are provided to the Company or to any other company of the Group; as well as
- b) the audit and compliance committee of the Group's country subholding company, if the services are provided thereto or to any subsidiaries without their own audit and compliance committee; or
- c) the audit and compliance committee, if any, of the subsidiary to which the services are provided.

In all cases, the relevant audit and compliance committee must analyse the impact of such contracting on the independence of the auditor.

The Commission shall be in constant communication and coordination with the audit and compliance committees of the country subholding companies, which must inform the Committee of the approvals they given thereby and by any audit and compliance committees of the subsidiaries to which the auditor or audit firm or any member of its

network provides services, in accordance with the provisions of the *General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its Group*.

The Committee must assess the aspects set forth in the *Regulations of the Audit and Risk Supervision Committee* in order to approve the provision of non-audit services by the statutory auditor.

Without prejudice to the foregoing, the statutory auditor may carry out limited audits or reviews of the interim accounts that are published with a frequency of less than one year pursuant to applicable legal provisions.

The Committee shall establish an indicative limit on the fees to be received by the statutory auditor for non-audit services taking into account the limitations set out in this *Policy* and in applicable legal provisions, pursuant to which the total fees received for non-audit services provided to the Company and any other entity of the Group by the statutory auditor or audit firm or a member of its network for a period of three or more consecutive years may not exceed seventy per cent of the average of the fees paid for audit services during three consecutive years.

On an annual basis, the Committee shall receive from the Company's statutory 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 accounts of the Group from the Company or entities directly or indirectly connected thereto, as well as a detailed breakdown of information regarding additional services (other than auditing) of any kind provided to such entities by said statutory auditor or by persons or entities connected thereto, pursuant to the legislation governing the audit of accounts. In addition, in the annual certification that it sends to the Committee, the statutory auditor shall report on compliance with the internal procedures of quality assurance and protection of independence that have been implemented.

On an annual basis and prior to the issuance of the audit report, the Committee shall issue a report setting forth an opinion on the independence of the statutory auditor. This report must contain an assessment of the possible impact on the independence of the statutory auditor of each and every one of the additional non-audit services referred to in the preceding paragraph, considered individually and as a whole.

The Committee must also discuss with the statutory auditor any circumstance that might compromise the independence thereof and evaluate the effectiveness of the protective measures adopted, as well as understand and evaluate the set of relationships

between the Group and the statutory auditor and its network that entail the provision of non-audit services or any other type of relationship.

Furthermore, the Committee shall monitor the internal procedures for assuring quality and safeguarding independence implemented by the Company's statutory auditor.

The audit firms carrying out audits of accounts at companies of the Group shall on an annual basis provide to the Committee, through the audit committees or the bodies at each company assuming the powers thereof, information regarding the profiles and the track record of the persons making up the audit teams working for the Company and the Group, with specific mention of the changes in the composition of such teams compared to the immediately preceding financial year.

The Committee shall also receive information on the hiring by any of the companies of the Group of professionals coming from any of the Group's audit firms.

## **7. Transparency**

The Committee shall review the information published in relation to the audit of accounts, and particularly the fees paid by the Company to the various audit firms working for the Group for both audit and non-audit services, specifying the fees paid to the statutory auditor and those paid to any company of the network to which the statutory auditor belongs or to any other company to which the statutory auditor is related under a relationship of joint ownership, management or control. The Committee shall also include in the *Activities Report of the Board of Directors and of the Committees thereof* information regarding the activities performed during the preceding financial year in relation to the statutory auditor and the audit of accounts.

## **8. Evaluation**

On an annual basis, the Committee shall evaluate the conduct of the statutory auditor and the contribution thereof to the quality of the audit and to the integrity of the financial information.

Such evaluation shall include at least the following parameters: (i) the independence of the statutory auditor; (ii) its knowledge of the businesses of the Group; (iii) the frequency and quality of its communications; (iv) the public results of the quality controls or inspections carried out by the ICAC and other supervisors; and (v) the reports on transparency of the statutory auditor, as well as any other available information.



The Committee shall also gather the opinion on the statutory auditor of the directors of each of the businesses of the Group, of the Finance, Control and Corporate Development and Internal Assurance and Risk Management Divisions and of the Internal Audit Area, well as of any other member of the management team of the Group that the Committee deems appropriate at any time due to such member's significant contact with the statutory auditor. For these purposes, on an annual basis, the Committee shall approve a survey to be sent to each of the aforementioned members of the management team that shall include parameters relating to the quality of the statutory auditor's service, its resources, communication and interaction with the management in question, the scope of the audit and the independence of the statutory auditor.

In the event that, after the evaluation of the statutory auditor, the Committee finds that there are worrisome or unresolved issues regarding the quality of the audit, it must consider the possibility of informing the Board of Directors so that, if it so deems appropriate, it may provide evidence thereof to the supervisory bodies.

## **9. Statutory Auditors of the Other Companies of the Group**

Companies legally considered to be public-interest entities within the European Union shall carry out their own procedures for the selection, appointment, re-election and removal of statutory auditors, which shall be conducted independently and shall be governed by the same rules and principles as those contained in this *Policy*, provided that they are not incompatible with specific legal provisions that may apply in each case. Those companies of non-member States of the European Union whose respective applicable legal provisions so require shall also do so.

Their respective tenders for the selection of a statutory auditor may include the award of audit work at their subsidiaries when so permitted by applicable legal provisions.

In any event, the relations between the other companies within the Group and their respective statutory auditors shall be governed by the principles of independence and transparency set forth above, also taking into account any specific regulations applicable thereto in each case.

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This *Policy* was initially approved by the Committee on 23 November 2005 and was last amended on 20 December 2022.

## **IBERDROLA GROUP FINANCIAL INFORMATION PREPARATION POLICY**

20 December 2022

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, within the framework of the law and the *By-Laws* and its sustainable development strategy, and recognising the strategic goal of paying continuous attention to the transparency of the financial information that it provides to the markets, the Board of Directors hereby approves this *Iberdrola Group Financial Information Preparation Policy* (the “**Policy**”).

### **1. Purpose**

This *Policy* is intended to define an orderly process for preparing the consolidated financial information applicable to all companies of the Group, one that is consistent with the principles of subsidiarity and decentralised management that govern the corporate and governance structure of the Group, that ensures that the consolidated financial information of the Company has been prepared based on information provided by the various companies of the Group, and that clearly describes the responsibility of its management decision-making bodies in such process.

The main goal of this process is to ensure that the consolidated financial information that the Company publishes through the channels required by applicable legal provisions or through such additional channels as it deems appropriate reflects a true and fair view of the assets and liabilities, the financial position, the results and the cash flows of the group made up of the companies included in the consolidation.

### **2. Scope**

This *Policy* shall apply to all companies of the Group and shall affect the process of preparing the consolidated annual accounts, the interim management statements corresponding to the results of the Company and of its consolidated group for the first and third quarter, and the half-yearly financial report (the “**Consolidated Financial Information**”).

### **3. Main Principles of Conduct**

The main principles of conduct on which this *Policy* is based are described below:

- a) the formulation of the individual financial information of each of the companies of the Group is the responsibility of the management decision-making bodies of each company;
- b) at country subholding companies, the responsibility of their management decision-making bodies shall extend to the formulation of the financial information of the consolidated subgroup made up of the country subholding company and its subsidiaries if the formulation of such information is required by applicable law or if the management decision-making body of the relevant country subholding company deems it appropriate to formulate such consolidated information;
- c) without prejudice to the provisions of law, the management decision-making body of each company shall also be responsible for the formulation of any financial information relating to its respective company that may be required to prepare the Consolidated Financial Information within the framework of the accounting consolidation process in accordance with the models and scopes defined by the Company's Administration and Control Division (the "**Financial Information for Consolidation**");
- d) the management decision-making bodies of the country subholding companies shall also be responsible for approving the Financial Information for Consolidation within which the company itself and its subsidiaries are included, and which form part of its subgroup;
- e) the Financial Information for Consolidation shall be prepared in accordance with the accounting standards established in the *Accounting Policies Handbook* and with the models approved by the Company's Administration and Control Division.
- f) without prejudice to the principles set forth above, the management teams responsible for preparing the Financial Information for Consolidation of each of the companies of the Group shall coordinate with the Company's Administration and Control Division to reach agreement on the interpretive accounting standards to take into consideration when preparing such information. Any disagreement in this regard shall be reflected in writing when submitting the Financial Information for Consolidation, and
- g) within the context of preparing the Consolidated Financial Information, companies with Financial Information for Consolidation that is covered by the scope of the verification procedures of the Company's external auditor shall ensure that the Financial Information for Consolidation has been audited by its external auditor before submitting it to the Company's Administration and Control Division in accordance with the process described in the next section of this *Policy*, and shall endeavour to ensure the avoidance of major disagreements with the Company's external auditor in relation to the application of the accounting principles to such Financial Information for Consolidation.

#### **4. Process of Preparing Consolidated Financial Information**

Before the beginning of each financial year, the Office of the Secretary of the Company's Board of Directors shall inform the Administration and Control Division of the date provided for the adoption of the resolution to formulate or the approval, as appropriate, of the Consolidated Financial Information.

The Company's Administration and Control Division shall communicate to the management decision-making bodies of the Group's companies the deadlines for submitting the Financial Information for Consolidation for each company, and in the case of the country subholding companies, for submitting that of their respective subgroups.

Such notice shall be coordinated with the requests for information that the chair of the Company's Audit and Risk Supervision Committee and the chairs of the audit and compliance committees of the country subholding companies (and of the head of business companies that are not subordinate to a country subholding company and that have their own audit and compliance committee) send pursuant to the provisions of the *General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its Group* in order to issue the required reports.

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 verified by their external auditor within the context of its review of the Consolidated Financial Information, shall send it to the Company's Administration and Control Division prior to the date indicated thereby, in order to prepare the Consolidated Financial Information and submit it for the formulation or approval of the Company's Board of Directors, as appropriate, after a report from its Audit and Risk Supervision Committee.

#### **5. Powers Vested in the Company's Audit and Risk Supervision Committee and the Audit and Compliance Committees of the other Companies of the Group**

The provisions of this *Policy* shall be deemed without prejudice to the powers vested in the Company's Audit and Risk Supervision Committee and the audit and compliance committees of the other companies of the Group in relation to the financial information of their respective company.

In particular, the Financial Information for Consolidation of the companies that have their own audit and compliance committee must be reported on by such committee before being submitted for the approval of the management decision-making body of the company in question.

Said reports shall be submitted to the Company's Audit and Risk Supervision Committee pursuant to the provisions of the *General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its Group*.

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This *Policy* was initially approved by the Board of Directors on 24 July 2018 and was last amended on 20 December 2022.

## **IBERDROLA GROUP NON-FINANCIAL INFORMATION PREPARATION POLICY**

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

The transparency of the consolidated non-financial information that the Company regularly publishes is a key element of its strategy to allow its Stakeholders to be aware of the social dividend generated by the companies of the Group and their contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), in accordance with the commitments made by the Company.

In fulfilling these responsibilities, and within the framework of the law and the *By-Laws* and its sustainable development strategy, the Board of Directors hereby approves this *Iberdrola Group Non-Financial Information Preparation Policy* (the “**Policy**”).

### **6. Purpose**

This *Policy* is intended to define an orderly process for preparing the consolidated non-financial information applicable to all companies of the Group, one that is consistent with the principles of subsidiarity and decentralised management that govern the corporate and governance structure thereof, that ensures that the consolidated non-financial information of the Company has been prepared based on information provided by the various companies of the Group and that clearly describes the responsibility of its management decision-making bodies in such process.

The main objective of the process is to ensure that the consolidated non-financial information that the Company publishes through the channels required by applicable legal provisions or through such other channels that it deems appropriate reflects in all material respects, in a reasonable and balanced manner, the environmental, social and corporate governance performance of the consolidated group, with the scope defined by law and in accordance with international standards.

### **7. Scope**

This *Policy* applies to all companies of the Group and affects the process of preparing the statement of non-financial information that the Board of Directors prepares on an annual basis and submits for the approval of the shareholders at the General Shareholders’ Meeting.

## 8. Main Principles of Conduct

The main principles of conduct on which this *Policy* is based are described below:

- a) on an annual basis, the Company's Board of Directors prepares and submits for the approval of the shareholders at the General Shareholders' Meeting the consolidated statement of non-financial information of the Company and its subsidiaries, which document also includes the individual non-financial information of the Company (the "**Consolidated SNFI**");
- b) prior to its publication for purposes of the call to the General Shareholders' Meeting, the Consolidated SNFI shall be subject to assurance by an independent provider of assurance services appointed by the Board of Directors upon a proposal of the Audit and Risk Supervision Committee;
- c) the Sustainable Development Committee: (i) shall determine the general standards, guidelines and principles that must govern the preparation of the Consolidated SNFI, which shall be further developed and specified by the ESG Division of the Company (or by such division as assumes the duties thereof at any time) in a *Guide for the Preparation of the Consolidated Statement of Non-Financial Information* (the "**Guide**"); (ii) shall verify that the content of the Consolidated SNFI conforms to the Company's sustainable development strategy and that it includes a reference to the level of achievement of the climate action plan approved by the Board of Directors; and (iii) shall submit its report to the Board of Directors, prior to the preparation thereof of the Consolidated SNFI, taking into account the report prepared by the Audit and Risk Supervision Committee referred to in the next paragraph;
- d) the Audit and Risk Supervision Committee: (i) shall supervise the process of preparation and presentation of the Consolidated SNFI; (ii) shall verify the clarity and integrity of the content thereof; (iii) shall report to the Sustainable Development Committee on the two foregoing items prior to the issuance thereof of its report and the preparation by the Board of Directors of the Consolidated SNFI; and (iv) shall propose to the Board of Directors the appointment of and shall maintain communications with the independent assurance provider responsible for assurance of the information included in the Consolidated SNFI;
- e) the Company's ESG Division (or such division as assumes the duties thereof at any time) shall prepare the Consolidated SNFI in accordance with the provisions of the general standards, guidelines and principles defined by the Sustainable Development Committee and the *Guide*;
- f) the management decision-making bodies of the country subholding companies (and of the head of business companies that are not subordinate to a country subholding

company) shall be responsible for the preparation and approval of the non-financial information of the consolidated subgroup made up of the corresponding country subholding company and its subsidiaries that is required to prepare the Consolidated SNFI in accordance with the models, scopes and procedures defined by the Company's ESG Division (or such division as may assume the duties thereof at any time) pursuant to the provisions of the *Guide*, which shall include, among other things, the preparation of information segmented by geographical area and by business in line with the standards used to prepare the Consolidated SNFI;

- g) the audit and compliance committees of the country subholding companies shall issue the reports that are required regarding the process of preparation and presentation and the clarity and integrity of the non-financial information corresponding to the respective company;
- h) without prejudice to the foregoing principles, the organisations responsible for preparing the non-financial information for the consolidation of each of the companies of the Group shall coordinate with the Company's ESG Division (or with such division as assumes the duties thereof at any time) to approve the interpretive criteria for the standards applied in the preparation of the Consolidated SNFI pursuant to the standards, guidelines and general principles defined by the Sustainable Development Committee and pursuant to the provisions of the *Guide*; and
- i) the companies whose non-financial information is required to prepare the Consolidated SNFI shall provide the Company with all support necessary for the preparation thereof as well as in the process of assurance thereof by the independent assurance provider.

## **9. Process of Preparing the Non-Financial Information of the Group's Companies**

Before the beginning of each financial year, the Office of the Secretary of the Board of Directors of the Company shall inform the ESG Division (or such division as assumes the duties thereof at any time) of the date expected for the adoption of the resolution to formulate the Consolidated SNFI.

The Company's ESG Division (or such division as assumes the duties thereof at any time) shall communicate to the management decision-making bodies of the country subholding companies (and of the head of business companies that are not subordinate to a country subholding company) the deadlines for submitting the non-financial information for the preparation of the Consolidated SNFI corresponding to their respective subgroups.



Said notice shall be coordinated with the requests for financial information made by the Company's Administration and Control Division (or such division as assumes the duties thereof at any time) within the framework of the *Iberdrola Group Financial Information Preparation Policy*, as well as the requests for information made by the chair of the Company's Audit and Risk Supervision Committee and the chairs of the audit committees of the country subholding companies pursuant to the provisions of the *General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and those of the Companies of its Group*, in order to issue the required reports, and particularly in order for said Audit and Risk Supervision Committee to report on the process of preparation and presentation and the clarity and integrity of the Consolidated SNFI.

Based on the information received from the organisation responsible for preparing the non-financial information for consolidation, the management bodies of the country subholding companies (following a report from their respective audit and compliance committees in the case of the country subholding companies) and of the head of business companies that are not subordinate to a country subholding company, shall prepare and approve the non-financial information for consolidation corresponding to the subgroup thereof and shall send it to the Company's ESG Division (or to such division as assumes the duties thereof at any time) in accordance with the provisions of the *Guide*, prior to the date indicated thereby, in order to prepare the Consolidated SNFI.

The Company's Board of Directors shall prepare the Consolidated SNFI for submission to the shareholders for approval at the General Shareholders' Meeting following a report from the Sustainable Development Committee, which in turn shall have received from the Audit and Risk Supervision Committee a report on the process of preparation and presentation thereof, as well as on the clarity thereof and on the integrity of the content thereof.

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This *Policy* was initially approved by the Board of Directors on 21 July 2020 and was last amended on 20 June 2023.

## COMPLIANCE AND INTERNAL REPORTING AND WHISTLEBLOWER PROTECTION SYSTEM POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

The Company has a solid and innovative track record in compliance, which it has developed on the basis of regulatory requirements and best practices, positioning it as a leader in this field. In 2002 it already had a *Code of Ethics* to guide the conduct of its directors, professionals and suppliers as well as those of the other companies of the Group, and in 2010 it approved a *Crime Prevention Policy* which, together with the *Anti-Corruption and Anti-Fraud Policy* that came into force in 2016, demonstrate the development of a business culture based on ethics and on honesty, as well as the responsibility and the commitment of the Company and of the other companies of the Group to actively respond to the challenge of the fight against corruption and fraud in all their areas of activity.

The Company has also established an effective, autonomous, independent and robust Compliance System of its own to prevent, manage and mitigate the risk of improper conduct and acts that are illegal or contrary to law and the Governance and Sustainability System that can be performed within the organisation, and to ensure that the conduct of the organisation is in accordance with ethical principles, the law and internal rules. Based on the experience it has accumulated and in line with the evolution of its Governance and Sustainability System towards an increasing decentralisation of duties and responsibilities among the various companies of the Group, the Company intends to continue to make progress and to maintain its commitment to leadership at the forefront of a compliance culture.

Along these lines, in fulfilling said responsibilities and within the framework of the law, the *By-Laws* and the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*, and consistently with its culture of prevention of improper conduct and acts that are illegal or contrary to law and to the Governance and Sustainability System, as well as its firm commitment to ethics and compliance, the Board of Directors hereby approves this *Compliance and Internal Reporting and Whistleblower Protection System Policy* (the “**Policy**”).

This *Policy* integrates, further develops, recasts and, in turn, reinforces the content of the *Crime Prevention Policy*, which is no longer in effect, and also includes the latest regulatory requirements in the field of compliance, as well as the latest trends and the highest international standards in that field.

In the area of corruption and fraud, the principles contained in this *Policy* take specific shape in the *Anti-Corruption and Anti-Fraud Policy*.

## **1. Purpose**

The purpose of this *Policy* is to establish the principles governing the commitment of the Company and of the other companies of the Group to prevent, detect and respond to any conduct that is improper or involves any act that is illegal or contrary to law or to the Governance and Sustainability System, as well as to demonstrate the willingness of the Company and of the other companies making up the Group to combat said conduct in all of their activities, both as an expression of their culture of compliance and their own social commitment to the public interest and to avoid any potential damage to their image and reputational value and, ultimately, the value of the Company's shares and brand.

Thus, on the one hand, this *Policy* makes explicit the firm commitment of the Company and of the other companies of the Group to its purpose and values, to ethical principles and to ongoing monitoring and penalisation of improper conduct or acts that are illegal or contrary to law or to the Governance and Sustainability System, which entails the maintenance of effective mechanisms for communication, sensitisation and awareness-raising among all professionals, and the development of a business culture of ethics and honesty, thereby contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

On the other hand, the *Policy* conveys to the shareholders, to the members of the management bodies and to the professionals of the Company and of the other companies of the Group, as well as to third parties engaging in relationships with them, a strong message of opposition to the commission of any impropriety or act that is illegal or contrary to law or to the Governance and Sustainability System.

This *Policy* also includes the fundamental principles governing the internal reporting systems available to the companies of the Group so that the shareholders, the members of their management bodies, their professionals, their suppliers, as well as other third parties provided for in applicable legal provisions may report potentially improper conduct or acts that are potentially illegal or contrary to law or to the Governance and Sustainability System (particularly including any conduct that might constitute a crime, a serious or very serious administrative offence, or a breach of European Union law) provided for in Section 6 of this

*Policy*, all without prejudice to the modifications or adaptations that may be necessary to comply with the rules that apply at each of the Group's companies.

## **2. Scope of Application**

This *Policy* applies at the Company and at all companies making up the Group, as well as at all investees not belonging to the Group over which the Company has effective control, within the lawfully established limits.

Without prejudice to the provisions of the preceding paragraph, the listed country subholding companies and their subsidiaries, pursuant to their own special framework of strengthened autonomy, may approve their corresponding compliance policy applicable to each of said companies and to their subsidiaries in order to comply with the requirements deriving from their status as a listed company. In any event, such policy must be in accord with the principles set forth in this *Policy* and in the other environmental, social, and corporate governance and regulatory compliance policies of the Governance and Sustainability System and must be communicated to the Company's Compliance Unit through the channels implemented for these purposes.

Members of the management bodies and professionals of the Company and of the other companies of the Group who are also subject to other policies, rules or principles, whether applicable to a particular industry or deriving from the laws of the territories or countries in which said companies do business, shall also be bound thereby, and the corresponding measures of coordination shall be established in order for said policies, rules or principles to be consistent with the provisions of this *Policy*.

Furthermore, all persons acting as representatives of the Company and of the other companies of the Group at companies and entities not belonging thereto shall comply with the provisions of this *Policy* and shall promote, to the extent possible, the enforcement of the principles hereof at said companies and entities.

This *Policy* shall also apply, to the extent relevant, to joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations if the Company or another company of the Group assumes the management thereof, and in other cases, to the extent possible, with a view to promoting the application of the principles hereof.

## **3. Main Principles of Conduct**

The main principles of conduct of the Company and of the other companies of the Group on which this *Policy* is based are described below:

- a) On the one hand, foster a preventive culture based on the principle of "zero tolerance"

towards improper conduct and acts that are illegal or contrary to law or to the Governance and Sustainability System, and on the other, the application of ethical principles and principles of responsible behaviour that should govern the conduct of all members of the management bodies, as well as of the professionals of the Company and of the other companies of the Group, regardless of their level, geographic location or functional subordination, and that of the suppliers of all of them.

This “zero tolerance” principle is absolute in nature and takes precedence over the possibility of obtaining any type of benefit (financial or otherwise) for the Company or for the other companies of the Group or their directors or professionals, when based on a business or transaction that is improper, illegal or contrary to law or to the Governance and Sustainability System, and particularly the ethical principles set out in the *Code of Ethics*.

- b) Development by the Group’s companies of their own effective, autonomous, independent and robust compliance systems (in accordance with the best and most advanced international practices in this area), applicable to all activities that they carry out and based on strong ethical principles and legality, such that they contribute to the full realisation of the *Purpose and Values of the Iberdrola Group* and the corporate interest.
- c) Within the framework of the drive for its preventive culture, foster processes of self-control in the conduct and decision-making of the members of the management body and of the professionals, such that their actions are based on four basic premises: (i) that they are ethically acceptable; (ii) that they are legally valid and comply with the provisions of applicable law and internal rules, including the Governance and Sustainability System, and particularly with the *Code of Ethics*; (iii) that they are performed within the framework of the corporate interest of the Company and of the other companies of the Group; as well as (iv) that they are prepared to assume responsibility therefor.
- d) Identify and assess the risks associated with improper conduct and acts that are illegal or contrary to law or to the Governance and Sustainability System in the activities of the Company and of the other companies of the Group.
- e) Establish the appropriate controls and preventive measures (including, without limitation, through the internal rules and procedures approved for this purpose) for the identification, control, mitigation and prevention of improper conduct and acts that are illegal or contrary to law or to the Governance and Sustainability System, as well as identified risks, in line with the provisions of the *General Risk Control and Management Policy* and the *Sustainable Development Policy*.
- f) Take appropriate measures to ensure that relations between the professionals of the

Company and of the other companies of the Group with any other company and the members thereof are governed by the principles of transparency and honesty, as well as by respect for free competition.

- g) Promote relations of the Company and of the other companies of the Group with their Stakeholders being based on ethics and integrity.
- h) Ensure that the relationship of the Company and of the other companies of the Group with their suppliers is based on legality, business ethics, efficiency, transparency and honesty and that they comply with the policies, rules and procedures established within the Group's boundary, particularly with respect to the prevention of corruption, in any of its manifestations, adopting the appropriate due diligence measures to promote principled, sustainable and responsible business behaviour throughout the supply chains.
- i) Implement appropriate training programmes and communication plans for professionals of the Company and of the other companies of the Group, as well as for third parties with whom relations are customarily maintained, regarding the duties imposed by the law applicable to any of their areas of activity or established in the Governance and Sustainability System or other internal rules and regarding the consequences of the violation thereof, with a frequency sufficient to ensure that their knowledge of the issues covered by this *Policy* is kept up to date.

In particular, specific training programmes shall be carried out to provide information on the internal reporting system and the operation thereof, as well as on the procedure established to manage grievances and reports received through this system and measures of protection and support for whistleblowers.

- j) Penalise, in accordance with the provisions of applicable law at any given time: (i) conduct that contributes to preventing or hindering the discovery of improprieties or acts that are illegal or contrary to law or to the Governance and Sustainability System; (ii) breach of the specific duty to report through internal reporting channels (as this term is defined in Section 6.1 of this *Policy*) potential improprieties or breaches of which they are aware; and (iii) the taking of any type of retaliatory measures against the whistleblower (or persons related thereto) who reports the aforementioned conduct.
- k) Seek a fair, non-discriminatory and proportional application of penalties as provided by applicable law from time to time.
- l) Provide all assistance and cooperation that may be requested by internal or judicial and administrative bodies and domestic or international institutions and entities, including competition authorities, to investigate acts that are allegedly improper, illegal or contrary

to law or the Governance and Sustainability System that may have been committed by the members of the management bodies or the professionals of the Company or of the other companies of the Group and that relate to or affect the scope of their activities.

The monitoring of and compliance with the principles contained in this *Policy* contribute to achieving the full realisation of the *Purpose and Values of the Iberdrola Group* and of the corporate interest, in accordance with applicable legal provisions, and particularly with the Governance and Sustainability System, consistently with the principles and guidelines for conduct aimed at ensuring the ethical and responsible behaviour of the directors, professionals and suppliers of the Company and of the other companies of the Group.

#### **4. Compliance Systems**

The Company has a Compliance System, which includes all the rules, formal procedures and substantive activities that are intended to ensure that the Company acts in accordance with ethical principles, the law, and internal rules, particularly the Governance and Sustainability System, to contribute to the full realisation of the *Purpose and Values of the Iberdrola Group* and the corporate interest, and to prevent, manage and mitigate the risk of regulatory and ethical breaches that may be committed by the directors, professionals or suppliers thereof within the organisation.

The Company's Compliance Unit proactively and autonomously oversees the implementation and effectiveness of its Compliance System, without prejudice to the responsibilities corresponding to other bodies and divisions of the Company.

For their part, the country subholding companies and the head of business companies have their own compliance systems, the application and effectiveness of which must be proactively and autonomously monitored by their respective compliance units, without prejudice to the appropriate coordination carried out at all levels of the Group.

The aforementioned compliance systems are under continuous review to incorporate the most advanced international practices and trends in this field and the regulatory requirements at any given time, and they ensure the dissemination, implementation and monitoring of the principles of conduct set out in this *Policy*.

For such purposes, the Company's Compliance Unit and the compliance units of the country subholding companies and of the head of business companies, which are configured in accordance with the highest standards of independence and transparency and each of which has at least one member not related to any of the companies of the Group, enjoy the necessary autonomy and capacity for initiative and control and have the appropriate material and human resources for the performance of their duties.

The foregoing is without prejudice to the bodies dedicated to the prevention of specific risks and to the control of activities that it may be necessary or advisable to create at certain companies of the Group in order to comply with the industry-specific or national laws of the territories or countries in which they carry out their activities, with which relations shall be established by the corresponding compliance units for coordination purposes as appropriate pursuant to applicable law.

The fundamental elements of the Company's Compliance System are, on the one hand, its crime prevention programme and, on the other hand, the Company's internal reporting system, which is comprised of, among other things, various channels suitable for reporting potentially improper conduct or acts that are potentially illegal or contrary to law or to the Governance and Sustainability System on the terms indicated in Section 6 of this *Policy* (the “**Internal Reporting System**”).

The Company and the other companies of the Group regularly submit their respective compliance systems to an audit by an independent expert.

## **5. Crime Prevention Programmes**

As regards the basic principle relating to the identification and evaluation of the risks relating to improper conduct and acts that are illegal or contrary to law or to the Governance and Sustainability System, the Company has implemented through the Compliance Unit and other competent bodies a specific and effective programme for the prevention of crimes (understood as a group of measures intended to prevent and mitigate the risk of commission of potential crimes and to detect and react to the commission thereof).

Likewise, the other companies of the Group implement programmes to prevent the commission of similar crimes through their respective compliance units (or compliance bodies or functions), which have full responsibility and autonomy for the management thereof.

The purpose of such programmes is: (i) to strengthen the existing commitment of the Company and of the other companies of the Group to combat the commission of crimes, particularly all forms of corruption and fraud; and (ii) to assure third parties and judicial and administrative authorities that the Company and the other companies of the Group effectively comply with the duties of supervision, monitoring and control of their activities by establishing appropriate measures to prevent crimes –or to significantly reduce the risk of the commission thereof– and that, therefore, said companies exercise due control over the members of their management bodies, their professionals, and other subordinates, based on their governance model, as is legally required thereof, including the monitoring of possible situations of crime risk that may arise within the scope of their activities, even in those cases in which such situations cannot be attributed to a specific individual.



The Company's Compliance Unit is responsible for endeavouring to ensure the implementation, development, updating and fulfilment of the crime prevention programme of the Company and of those other companies of the Group that are not country subholding companies, head of business companies, or companies in which they have a stake, as well as for coordinating the implementation, development and fulfilment of similar programmes at the other companies of the Group, without prejudice to the powers and responsibilities assigned to other bodies and divisions of the Company and, if applicable, to the administrative and management bodies of the country subholding and head of business companies and to the compliance units of these companies.

Furthermore, at least once per year, the Company's Compliance Unit shall evaluate compliance with and the effectiveness of its crime prevention programme and shall assess whether regular modification and update thereof is appropriate, provided that the circumstances so require.

This same evaluation shall be performed by the compliance units of the country subholding companies and of the head of business companies in relation to the crime prevention programmes of their respective companies.

## **6. The Company's Internal Reporting System**

The Company declares that it intends to create an environment of transparency and to foster respect for the law and the rules of conduct established in the *Code of Ethics* by its directors, its professionals and its suppliers, and, to such end, has implemented an Internal Reporting System in accordance with applicable legal provisions to encourage the reporting of potentially improper conduct or acts that are potentially illegal or contrary to law or to the Governance and Sustainability System (including, in particular, any conduct that could constitute a crime, a serious or very serious administrative offence, or a breach of European Union law), with an impact on the Company, its contractual relationship with its suppliers, or the interests and image of the Company (the “**Conduct**”).

The Internal Reporting System is designed and managed in a secure manner to ensure: (i) the confidentiality of the identity of the whistleblower and of any third party mentioned in the grievance or report, and of the actions taken in the management and processing thereof, as well as the protection of personal data, preventing access to the content of the investigation by unauthorised personnel; and (ii) that the grievances or reports submitted can be dealt with effectively within the Company.

### **6.1 Internal Reporting Channels**

The Company has established for the members of its management body, its professionals, its suppliers, as well as for other third parties provided for in applicable legal provisions, the duty

to report through the Internal Reporting System any Conduct of which they are aware.

To this end, the Company has activated internal reporting channels (the “**Internal Reporting Channels**”), which allow shareholders, directors, professionals, suppliers and other third parties determined by law to report any Conduct, whether in writing, through the corresponding form available on the Company’s corporate website, or by any other means established by the Company, all without prejudice to their being able to address their grievances or reports to the Independent Whistleblower Protection Authority (*Autoridad Independiente de Protección del Informante*) (A.A.I.) or to any other competent institution, body or entity.

The Internal Reporting System includes all the Internal Reporting Channels activated by the Company for the communication of grievances or reports relating to Conduct by shareholders, directors, professionals, suppliers and other third parties as determined by law.

The Internal Reporting Channels enable the prevention and detection of Conduct, constituting the preferred channel for reporting such Conduct and for the processing of grievances or reports received in relation thereto.

Communications through the Internal Reporting Channels may be made anonymously, must meet standards of truthfulness and proportionality, may not be used for purposes other than to seek regulatory compliance, and must be submitted in writing or verbally and shall be processed in accordance with the procedure established by the Board of Directors in the *Regulations of the Compliance Unit*.

## **6.2 Whistleblower Protection and Safeguards**

As provided by legal provisions, the Company and the other companies of the Group undertake not to take (and to ensure that their professionals do not take) any form of direct or indirect retaliation, including threats of or attempted retaliation, against any person who has reported any Conduct, through the Internal Reporting Channels or by any other means, unless the grievance or report is false or the person has acted in bad faith.

Furthermore, as provided by legal provisions, the Company and the other companies of the Group undertake not to take (and to ensure that their professionals do not take) any form of direct or indirect retaliation, including threats of or attempted retaliation, against: (i) any individual who, within the organisation in which the whistleblower works, assists him/her in the process, or is related to him/her, as a representative of the employees, co-worker or relative; and (ii) any legal person, for whom the whistleblower works or with whom he/she has another type of relationship in an employment context or in which he/she has a significant shareholding.

For these purposes, the following actions, among others, against the person who has communicated the grievance or report are considered to be retaliation:

- (a) the following measures, provided that they were not carried out in the regular exercise of managerial authority under applicable law, due to proven circumstances unrelated to the submission of the grievance or report: (i) suspension of the employment contract, dismissal or termination of employment or statutory relationship; (ii) imposition of any disciplinary measure; (iii) demotion or denial of promotion and any other material change in working conditions; and (iv) failure to convert a temporary employment contract into a permanent one, if the person providing the report had legitimate expectations to that effect;
- (b) harm, including reputational damage, or financial loss, coercion, intimidation, harassment or ostracism;
- (c) negative evaluation or references with regard to work or professional performance;
- (d) blacklisting or dissemination of information in a particular industry that makes it difficult or impossible for the person to gain access to employment or the hiring of works or services;
- (e) denial or revocation of a licence or permit;
- (f) denial of training;
- (g) any form of discrimination or unfavourable or unfair treatment; and
- (h) any other action arising from the above.

### **6.3 Management of the Internal Reporting System**

The Company's Compliance Unit is the body responsible for managing the Company's Internal Reporting System, and for processing and managing the investigation files opened on the basis of grievances or reports received through the Internal Reporting Channels, in accordance with the information management procedure established by the Board of Directors in the *Regulations of the Compliance Unit*, and delegates the aforementioned management and processing powers to the director of Compliance, with due notice to the Independent Whistleblower Protection Authority (A.A.I.).

On this basis, the Company's Compliance Unit investigates any grievance or reporting of a fact that could allegedly constitute Conduct (even if anonymous and regardless of the financial significance thereof) as soon as possible, guaranteeing the rights of the whistleblower, as well as the rights to privacy, respectability, defence and the presumption of innocence of the persons investigated or affected, in accordance with the internal procedure established by the Board of Directors for this purpose and regulated in the *Regulations of the Compliance Unit*.

The procedure for management of the grievances or reports sent through the Internal Reporting Channels provides for the immediate forwarding of information to the Public Prosecutor's Office (*Ministerio Fiscal*) when the facts might indicate a criminal offence, and such grievances or reports shall be forwarded to the European Public Prosecutor's Office if the information affects the financial interests of the European Union.

The Audit and Risk Supervision Committee shall also have direct access to grievances or reports that could have a material impact on the Company's financial statements or internal control. For these purposes, the Company's Compliance Unit shall inform the aforementioned committee of the existence of said grievances or reports and shall provide it with any documentation it may request in relation to the processing of the investigation files.

After any appropriate evaluation, the Company's Board of Directors may entrust the management of the Internal Reporting Channels to a third party that offers appropriate assurances of independence, confidentiality, personal data protection and secrecy of grievances or reports, subject to a prior report from the Sustainable Development Committee.

## **7. Internal Reporting Systems at other Companies of the Group**

The country subholding companies, head of business companies and other companies of the Group have their own internal reporting systems, including appropriate reporting channels, managed by their respective compliance bodies in accordance with the principles set forth in this *Policy*.

## **8. Implementation of the *Policy***

The Company's Compliance Unit proactively endeavours to ensure the application and effectiveness of this *Policy* and disseminates the content hereof among the people to whom it is addressed, all without prejudice to the responsibilities assigned to other bodies and divisions of the Company and, if appropriate, the administrative and management bodies of the country subholding companies and head of business companies and the respective compliance units of these companies.

The country subholding companies and head of business companies may adopt policies, rules and principles that adapt and develop the provisions of this *Policy* in accordance with the particular nature of each territory, country or business, reporting them to the Company's Compliance Unit through the channels established for these purposes.

## **9. Revision of the *Policy***

The Sustainable Development Committee shall regularly review the contents of the *Policy*, ensuring that it reflects the recommendations and best international practices from time to time

in effect, and shall propose to the Company's Board of Directors those amendments and updates that contribute to the development and ongoing improvement thereof, taking into account any suggestions or proposals made by the compliance units and the professionals of the Company and of the other companies of the Group.

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This *Policy* was approved by the Board of Directors on 20 June 2023.

## ANTI-CORRUPTION AND ANTI-FRAUD POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

Corruption and fraud stifle economic growth, weaken democracy and undermine social justice and the Rule of Law, causing serious harm to the economy and to society, and in many cases facilitates the operations of organised crime.

The Company, which is a leader by virtue of its firm commitments to ethical principles and to honesty, assumes the responsibility of actively participating in the challenge of fighting corruption and fraud in all of its areas of activity.

In assuming these commitments and in fulfilling these responsibilities, the Company’s Board of Directors hereby approves this *Anti-Corruption and Anti-Fraud Policy* (the “**Policy**”) within the framework of the law and the *By-Laws* and the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*.

### 10. Purpose

The purpose of this *Policy* is to convey to shareholders, to the members of the management decision-making bodies and to the professionals of the Company and of the other companies of the Group, as well as to third parties establishing relations therewith, an unambiguous message of opposition to fraud and corruption in all of their manifestations, and to show the desire of the Group’s companies to combat them in their activities, thereby contributing to the achievement of compliance with goal sixteen of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

This *Policy*, together with the *Compliance and Internal Reporting and Whistleblower Protection System Policy*, shows the firm commitment of the Company and of the other companies of the Group to their purpose and values, to their ethical principles and to the unwavering vigilance and punishment of acts and conduct that are fraudulent or that facilitate corruption in any of its forms, which involves the maintenance of effective mechanisms for communication and sensitivity- and awareness-raising among all professionals, and the development of a corporate culture of ethics and honesty.

## **11. Scope of Application**

This *Policy* applies to the members of the management decision-making bodies and to the professionals of the Company and of the other companies that make up the Group, as well as to those of companies in which the Company has an interest and effective control but which do not belong to the Group, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, the listed country subholding companies and their subsidiaries, pursuant to their own special framework of strengthened autonomy, may approve their own anti-corruption or anti-fraud policy applicable to said company and its subsidiaries to comply with the requirements applicable thereto due to its status as a listed company. In any event, such policy must be in accord with the principles set forth in this *Policy* and in the other environmental, social, and corporate governance and regulatory compliance policies of the Governance and Sustainability System and must be communicated to the Company's Compliance Unit through the channels implemented for these purposes.

The country subholding and head of business companies may also adopt policies, rules and principles that adapt and develop the provisions of this *Policy* in accordance with the particular nature of each territory, country or business, reporting them to the Company's Compliance Unit through the channels established for these purposes.

Members of the management bodies and professionals of the Company and of the other companies of the Group who are also subject to other policies, rules or principles, whether applicable to a particular industry or deriving from the domestic laws of the territories or countries in which said companies do business, shall also be bound thereby, and the corresponding measures of coordination shall be established in order for said policies, rules or principles to be consistent with those set forth in this *Policy*.

Furthermore, all persons acting as representatives of the Company and of the other companies of the Group at companies and entities not belonging thereto shall comply with the provisions of this *Policy* and shall promote, to the extent possible, the enforcement of the principles hereof at said companies and entities.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company or another company of the Group assumes the management thereof, and in other cases, to the extent possible, promoting the application of the principles hereof.

## **12. Main Principles of Conduct**

The main principles of conduct on which this *Policy* is based are described below:

- m) Not tolerate, permit or engage in any conduct constituting corruption in any of its forms, including extortion or bribery, in the course of business or professional activities or in relations with the public or private sector.
- n) Promote a preventive culture based on the principle of “zero tolerance” for business corruption and bribery, as well as for the commission of other acts constituting any form of fraud.

This “zero tolerance” principle for business corruption, bribery and any form of fraud is absolute in nature and takes precedence over the possibility of obtaining any type of benefit (financial or otherwise) for the Company and for the other companies of the Group, as well as for their directors, professionals and suppliers, when based on a business or transaction that is improper, illegal or contrary to law or to the Governance and Sustainability System, and particularly the ethical principles of the *Code of Ethics*.

- o) Take appropriate measures so that relations between the professionals of the companies of the Group and any government administration, authorities, officials or other persons who participate in the exercise of public functions, as well as political parties and similar institutions, are any event governed by the principles of cooperation, transparency and honesty.
- p) Have specific procedures to prevent any conduct that might be considered an act of corruption, the application of which must be supervised by the Company’s Compliance Unit or by the compliance units of the companies of the Group, as applicable.
- q) Implement appropriate training programmes and communication plans for the professionals of the Group with a frequency sufficient to ensure that their knowledge in the area covered by this *Policy* is kept up to date. In particular, the professionals of the companies of the Group shall receive specific training regarding the content of the *Code of Ethics* to prevent any instance of fraud and corruption in any form.
- r) Identify and assess the risks associated with all forms of fraud and corruption in the activities of the Company and of the other companies of the Group.
- s) Establish the appropriate controls and preventive measures (including, without limitation, through the internal rules and procedures approved for this purpose) for the identification, control, mitigation and prevention of all forms of fraud and corruption, and particularly in all activities involving third-party relationships.
- t) Ensure that the relationship between the companies of the Group and their suppliers is based on legality, business ethics, efficiency, transparency and honesty and that no supplier of the Group’s companies offers or gives to officials and other persons who



participate in the exercise of public functions, authorities, third parties or any professional of the Group's companies, within the context of the business activity carried out for or on behalf of the Group, whether directly or indirectly, gifts, presents or other improper benefits or unauthorised advantages, whether in cash or otherwise, in order to secure favourable treatment in the award or maintenance of contracts or in business relations or to obtain benefits for themselves or for the supplier company.

- u) Promote appropriate measures to ensure that suppliers comply with the policies, rules and procedures established within the Group's boundary in connection with the prevention of corruption in any of its forms.

The Company and other companies of the Group have activated appropriate channels so that the members of their management decision-making body, its professionals, its suppliers and other third parties determined by applicable legal provisions can report potentially improper conduct or acts that are potentially illegal or contrary to law or to the Governance and Sustainability System that concern or affect the their respective activities, including, in particular, acts and conduct that are potentially fraudulent or facilitate corruption in any of its forms.

These channels form part of the internal reporting system of the corresponding company of the Group pursuant to the provisions of the *Compliance and Internal Reporting and Whistleblower Protection System Policy*, and they constitute the preferred channel for reporting such conduct and acts and for the processing of grievances or reports that are submitted.

### **13. Revision of the *Policy***

The Sustainable Development Committee shall regularly review the contents of the *Policy*, ensuring that it reflects the recommendations and best international practices from time to time in effect, and shall propose to the Board of Directors those amendments and updates that contribute to the development and ongoing improvement thereof, taking into account any suggestions or proposals made by the compliance units and the professionals of the Company and of the other companies of the Group.

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This *Policy* was initially approved by the Board of Directors on 20 December 2016 and was last amended on 20 June 2023.

## COMPETITION LAW COMPLIANCE POLICY

20 June 2023

The Board of Directors of IBERDROLA S.A. (the “**Company**”) has the power to design, evaluate and continuously revise the Governance and Sustainability System, and specifically to prepare and update the various corporate policies, which set out the guidelines for conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”), in a sustained manner over time.

In fulfilling these responsibilities, within the framework of the law and the *By-Laws* and the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*, as well as pursuant to the unquestionable commitment at the Group level to fostering free competition in favour of consumers and users and to comply with legal provisions in this area, the Board of Directors hereby approves this *Competition Law Compliance Policy* (the “*Policy*”).

### 1. Purpose

The purpose of this *Policy* is to establish the general framework and the principles of conduct that must govern the Company and the other companies of the Group in the various markets, areas of activity and industries in which they carry out their business and in their relationships and agreements with third parties, strengthening and consolidating both the culture of regulatory compliance as well as free competition, to the extent that all of this contributes to an efficient reallocation of productive resources, more efficient techniques and higher-quality products and services, with a resulting increase in the well-being of consumers and society as a whole.

The Policy expressly declares the firm commitment of the Group’s companies to maintaining effective competition in the markets in which they participate, in which they shall act in accordance with applicable regulatory provisions. For this reason, any type of practice that is collusive, abusive, restrictive or anticompetitive or that is aimed at hindering the action of the authorities entrusted with the supervision of these markets is categorically rejected. Both the Company and the other companies of the Group, as well as their directors and their professionals, shall actively cooperate with all of them, assisting them in the performance of their duties.

### 2. Scope of Application

This *Policy* applies at the Company and at all companies making up the Group, as well as to all

investees not belonging to the Group over which the Company has effective control, within the lawfully established limits.

Without prejudice to the provisions of the preceding paragraph, the listed country subholding companies and their subsidiaries, pursuant to their own special framework of strengthened autonomy, may approve their corresponding competition law compliance policy applicable to each of said companies and to their subsidiaries to comply with the requirements deriving from their status as a listed company. In any event, such policy must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

Members of the management bodies and of the management team and professionals of the Company and of the other companies of the Group who are also subject to other policies, rules or principles, whether applicable to a particular industry or deriving from the laws of the territories or countries in which said companies do business, shall also be bound thereby, and the corresponding measures of coordination shall be established in order for said policies, rules or principles to be consistent with those set forth in this *Policy*.

The application of this *Policy* also takes into account the multinational nature of the Group and the particularities of the different jurisdictions in which the companies thereof are present, which affects both the substantive content of competition law and the potential consequences and sanctions deriving from non-compliance therewith.

Furthermore, all persons acting as representatives of the Company and of the other companies of the Group at companies and entities not belonging thereto shall comply with the provisions of this *Policy* and shall promote, to the extent possible, the application of the principles hereof at said companies and entities.

This *Policy* shall also apply, to the extent relevant, to joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company or another company of the Group assumes the management thereof, and in other cases, to the extent possible, promoting the application of the principles hereof.

### **3. Main Principles of Conduct**

To achieve these goals and in line with the commitment to foster free competition in favour of consumers and users, the Company and the other companies of the Group adopt and promote the following main principles of conduct that must inform all of their activities:

- a) Foster a preventive culture based on the principle of “zero tolerance” towards anti-competitive practices.

- b) Establish the appropriate controls and preventive measures (including, without limitation, through the internal rules and procedures approved for this purpose) for the identification, control, mitigation and prevention of conduct that is contrary to competition law, as well as identified risks.

Specifically, and based on the provisions of this *Policy*, it is expected that specific protocols in various areas of competition law will be prepared to provide the professionals of the Group's companies with additional tools and guidelines for conduct in very specific situations of potential risk, and particularly rules for: (i) conduct within the framework of industry associations for representatives of the Company and other companies of the Group who attend meetings and participate in activities; and (ii) action, in the event of inspection by the competition authorities, to facilitate the inspection.

- c) Compete freely and fairly in the marketplace.
- d) Focus their activity on the aim of contributing to the achievement of real and effective competition between companies operating in the different economic sectors, respecting the limits of conduct established by legal provisions in order to preserve, guarantee and foster a competitive environment.
- e) Avoid all types of contact with their competitors the purpose or effect of which is to coordinate their market practices or restrict competition through practices such as directly or indirectly fixing prices or other market conditions or the sharing of markets or customers.

In particular, they shall refrain from any form of conduct that falls under the category of a cartel, and especially from the sharing of markets or customers in the context of public tenders to which the companies of the Group may submit bids (such as submitting courtesy or cover bids, refraining from participating in certain tenders, rotating winning bids or participating in collective boycotts).

- f) Not engage in interactions with competitors aimed at exchanging anti-competitive information, particularly if it concerns strategic information relating to future prices or quantities) and refrain from entering into agreements or participating in concerted practices with competitors that restrict competition.

In this regard, representatives of the Group's companies who are attending industry association meetings shall exercise particular care and caution to avoid exchanging commercially sensitive information with other competitors or reach any anti-competitive verbal agreement therewith during the course of such meetings or participating in other types of conversations or communications from which the existence of anti-competitive

agreements or concerted practices could be inferred.

- g) Analyse and assess with particular caution from a competition perspective such agreements as the Company or the Group's other companies may enter into with other companies operating at different levels of the production or distribution chain.
- h) In the event that any company of the Group has a dominant position in the markets in which it operates, adopt guidelines for conduct in its relationships with competitors, customers, suppliers and end users, as well as take specific precautions to prevent it from taking advantage of its position to impose abusive conditions on other market operators (whether by exploiting the other party (such as suppliers or customers) by means of financially abusive terms and conditions, by abuse of exclusivity, by expelling or harming the position of competitors in the market, or by any other means).
- i) Before entering into any transaction that might constitute a concentration (including, among others, those capable of significantly affecting the maintenance of effective competition), analyse the transaction to determine whether it: (i) might be considered to be a concentration; (ii) should be subject to prior notification to the competent authorities; or (iii) requires that execution or implementation be suspended until clearance has been obtained from the competition authorities in the relevant jurisdictions.
- j) Foster the use of the channels activated in the internal communication system provided for in the *Compliance and Internal Reporting and Whistleblower Protection System Policy* to report or denounce potentially improper conduct or acts that are potentially illegal or contrary to law or to the Governance and Sustainability System in terms of competition issues that concern or affect the scope of the companies of the Group's activities, their suppliers, or their interests and image.
- k) Encourage suppliers to comply with the competition policies, rules and procedures established within the Group's boundary.
- l) Strengthen and develop a culture of compliance with competition law and commitment to promoting free and fair competition, reinforcing the awareness of its professionals concerning the significance of this matter and particularly involving the members of the management team in this work, given that this is a particularly fast-changing area with significant implications for the daily activity of the Group's companies.
- m) Implement appropriate competition law training programmes and communication plans for the professionals of the Company and the other companies of the Group that are effective, comprehensive and adjusted to the specific business of each company to promote greater awareness of the significance and potential implications of this matter, at the same time as

providing the necessary tools and knowledge to identify potential risks and adopt the necessary mitigation measures with sufficient frequency to ensure that their knowledge of the subject matter of this *Policy* is up-to-date.

- n) Provide all the assistance and cooperation that the competition authorities may require in the performance of their duties, and particularly for the investigation of any conduct that may constitute a violation of the legal provisions on competition.

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This *Policy* was initially approved by the Board of Directors on 20 June 2023.

## CORPORATE TAX POLICY

20 December 2022

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”). The Board of Directors is also responsible for formulating the tax strategy and approving investments and transactions that are particularly important from a tax standpoint because of the high amount or special characteristics thereof.

In fulfilling these responsibilities, and within the framework of the law and the *By-Laws*, the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*, and its sustainable development strategy, the Board of Directors hereby approves this *Corporate Tax Policy* (the “**Policy**”).

### 1. Purpose

This *Policy* is intended to set forth the Company’s tax strategy, based on excellence and a commitment to the application of good tax practices within the framework of the corporate and governance structure of the Group.

The Company’s tax strategy consists basically of ensuring compliance with applicable tax laws and regulations and seeking to establish an appropriate coordination of the tax practices followed by the companies of the Group, all within the framework of fulfilling the corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementation of business decisions.

To that end, the Company takes into account all legitimate interests, including public interests, that converge in its business. In this connection, the taxes that the companies of the Group pay in the countries and territories in which they do business are their main contribution to sustaining public expenditures and, accordingly, one of their contributions to society and to the achievement of goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

### 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and

corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

### **3. Main Principles of Conduct**

Compliance by the companies of the Group with their tax obligations and their relations with tax authorities shall be governed by the following main principles of conduct, the application of which corresponds to each of them in accordance with the standards set out in section 5 below:

- g) compliance with tax rules in the various countries and territories in which the companies of the Group operate, paying all taxes due in accordance with the legal system.
- h) the making of decisions on tax matters by the companies of the Group based on a reasonable interpretation of applicable legal provisions and in close connection with their activities.
- i) the prevention and reduction of significant tax risks, ensuring that taxes bear an appropriate relationship to the structure and location of activities, human and material resources, and business risks.
- j) the strengthening of the relationship with tax authorities based on respect for the law, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, without prejudice to the legitimate disputes that, observing the aforementioned principles and in the defence of the corporate interest, may arise with such authorities concerning the interpretation of applicable legal provisions.
- k) the provision of information to the management decision-making bodies on the main tax implications of the transactions or matters submitted to it for approval, when they are a significant factor in making a decision.
- l) envisaging the taxes that Group companies pay in the countries and territories in which they operate as the principal contribution to sustaining public expenditures, and therefore as one of their contributions to society



#### 4. Good Tax Practices

Applying the foregoing principles, the companies of the Group assume the following good tax practices:

- a) not to use artificial structures unrelated to their business for the sole purpose of reducing their tax burden nor, in particular, enter into transactions with related entities solely to erode the tax basis or to transfer profits to low-tax territories.
- b) avoid opaque structures for tax purposes, which are understood as structures calculated to prevent knowledge by the competent tax authorities of the party ultimately responsible for the activities or of the ultimate owner of the assets or rights involved.
- c) not to create or acquire companies resident in countries or territories that Spanish legal provisions deem to be tax havens or that are included in the EU blacklist of non-cooperative jurisdictions, with the sole exception of those cases in which the Group company in question is forced to do so because it is an indirect acquisition in which the company in question is part of a group of companies that are being acquired, in which case the provisions of the *Procedure for the Creation of or Acquisition of Equity Interests in Special Purpose Entities or Entities Domiciled in Tax Havens* approved by the Company's Board of Directors must be taken into account.

This procedure shall also apply in the case of creation or acquisition of entities residing in countries or territories not considered to be tax havens under Spanish legal provisions but included in the EU grey list of non-cooperative jurisdictions and with which Spain has not signed a treaty for the avoidance of double taxation.

- d) follow the recommendations of the good tax practices codes implemented in the countries and territories in which the companies of the Group do business, taking into account the specific needs and circumstances of all of the companies making up the Group.

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

Without prejudice to any revision of this *Policy* by the Company's Board of Directors within the framework of ongoing improvement of the Governance and Sustainability System, the Company's commitment concerning compliance with, further development, and implementation of the *Code* shall extend to any other

good tax practices that stem from the recommendations of the *Code* in effect at any time, even if not expressly set forth in this *Policy*.

The Company is also committed to compliance with the *OECD Guidelines for Multinational Enterprises* in the area of taxation.

- e) cooperate with the competent tax authorities in the detection of and search for solutions for fraudulent tax practices of which the Company is aware that may be used in the markets in which the companies of the Group have a presence.
- f) provide significant tax-related information and documents that may be requested by the competent tax authorities in the exercise of their powers, as soon as practicable and with the required scope.
- g) notify the appropriate body of the tax authority and sufficiently discuss therewith all significant issues of fact of which it has notice, in order to commence the appropriate investigative proceedings, if any, and to promote agreements and consents during the course of inspection proceedings, to the extent reasonably possible and without impairing good corporate management.
- h) make available to anyone who so desires the reporting channels required for them to report conduct that may involve the commission of an improper act or an act contrary to law or the Governance and Sustainability System, including the rules of conduct established in the *Code of Ethics*, and therefore including conduct in the tax area.

## **5. Application of the *Policy* within the Framework of the Corporate and Governance Structure of the Group**

The application of this *Policy* shall be governed by the following principles in accordance with the configuration of the Group's corporate and governance structure:

- a) With respect to the Company

The Board of Directors of the Company, through its chairman, chief executive officer and members of its management team, shall promote due observance of the principles and good tax practices set forth in this *Policy* by the companies forming part of the Group with significant activities in the tax area.

The foregoing shall in any event be deemed to be without prejudice to the special framework of strengthened autonomy applicable to the listed country subholding companies.

- b) With respect to the country subholding companies

As regards the principles and good tax practices set out in this *Policy*, the country subholding companies shall assume the responsibilities of determining, organising, coordinating and supervising compliance, in the respective territories, countries or businesses in which they operate, with the standards that must be followed in the application of those taxes that, due to the nature thereof, affect more than one company of the Group.

Specifically, the boards of directors of the country subholding companies shall ensure compliance with this *Policy* at the territory or country level, specifying its content based on the laws applicable in each jurisdiction.

c) With respect to the head of business companies

The head of business companies shall be responsible for complying with their tax obligations, in all events respecting the principles and good tax practices set out in this *Policy* and the standards established by the country subholding companies.

In particular, the boards of directors of the head of business companies shall be responsible for ensuring compliance with this *Policy* by the entities of the Group through which they carry out their respective businesses.

The provisions of the preceding paragraphs shall be without prejudice to respect for the corporate autonomy of the subsidiaries of the head of business companies domiciled in countries or territories other than that of the parent company or to their own responsibility in complying with their tax obligations while observing the principles and good practices set forth in this *Policy*.

Without prejudice to the provisions of law and the provisions set forth above in this section, the management body of each company of the Group shall be responsible for ensuring that the information such company provides to comply with the tax obligations of the tax group to which it belongs complies with applicable tax provisions as well as the principles and rules set forth in this *Policy*. Said information shall in all cases be prepared in accordance with the standards set by each country subholding company pursuant to the provisions established by the tax divisions of each territory, country or business.

## **6. Monitoring and Control**

The companies of the Group shall adopt the control mechanisms necessary to ensure compliance with the tax laws and regulations, as well as the principles and good practices set forth in this *Policy*, as part of proper business management. They shall also use proper and sufficiently qualified human capital and material resources for such purposes.

The Company's Global Tax Division (or division that assumes the duties thereof) shall approve and periodically review guidelines for the evaluation and management of tax risk applicable to all companies of the Group, which shall include objective standards to classify transactions based on the tax risk thereof, as well as different procedures for the approval thereof, and shall act as the body responsible for tax compliance within the Company, in coordination with the Company's Compliance Unit, proactively and independently endeavouring to ensure compliance with tax provisions as well as with the principles and good practices contained in this *Policy*.

The head of business companies shall report to the country subholding companies on an annual basis regarding the level of compliance with this *Policy*. In turn, the audit and compliance committees of the country subholding companies shall report to the Company's Audit and Risk Supervision Committee on the level of compliance with this *Policy*.

The Audit and Risk Supervision Committee shall, in accordance with the provisions of its regulations, provide to the Board of Directors information on the tax policies and standards applied by the Company during the financial year and, in particular, on the level of compliance with the *Policy* by the companies of the Group.

In addition, in the case of transactions or matters that must be submitted to the Board of Directors for approval, it shall report on the tax consequences thereof when they constitute a significant factor.

## **7. Transparency**

The Company's annual corporate governance report shall set forth the degree of effective compliance with the *Code* by the Company, as well as with other similar codes or recommendations of other jurisdictions to which the companies of the Group have adhered, and shall report on the operation of the systems for controlling tax risks.

In addition, in compliance with the Company's commitment to transparency in relations and in communication with its Stakeholders, it shall disclose the most relevant information on the performance of the Group's companies in tax matters and its tax contribution to the maintenance of public expenditures in the main countries and territories in which it operates, endeavouring to ensure that the information is clear, useful and truthful.

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This *Policy* was initially approved by the Board of Directors on 14 December 2010 and was last amended on 20 December 2022.

## PERSONAL DATA PROTECTION POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, and within the framework of the law and the *By-Laws*, the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*, and its sustainable development strategy, the Board of Directors hereby approves this *Personal Data Protection Policy* (the “**Policy**”).

### 1. Purpose

The purpose of this *Policy* is to establish the common and general principles and guidelines for conduct that are to govern within the boundary of the Group as regards personal data protection, ensuring compliance with applicable law under all circumstances.

In particular, this *Policy* guarantees the right to the protection of personal data for all natural persons who establish relations with the companies belonging to the Group, ensuring respect for the rights to reputation and to privacy in the processing of the various categories of personal data from different sources and for various purposes based on their business activities, all in compliance with the Company’s *Policy on Respect for Human Rights*.

### 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law, and to all people engaging in relations with entities belonging to the Group.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this Policy does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

### **3. General Principles relating to the Processing of Personal Data**

Group companies shall thoroughly comply with personal data protection law in their jurisdiction, the laws that apply based on the processing of personal data that they carry out and the laws determined by binding rules or resolutions adopted within the boundary of the Group.

Group companies shall also strive to ensure that the principles set forth in this *Policy* are taken into account (i) in the design and implementation of all procedures involving the processing of personal data; (ii) in the products and services offered thereby; (iii) in all contracts and obligations that they formalize with natural persons; and (iv) in the implementation of any systems and platforms that allow access by professionals of the Group's companies or third parties to personal data and the collection or processing of such data.

### **4. Main Principles relating to the Processing of Personal Data**

The principles relating to the processing of personal data on which this Policy is based are described below:

#### *a) Principle of legitimate, lawful and fair processing of personal data.*

The processing of personal data shall be legitimate, lawful and fair, in accordance with applicable law. In this sense, personal data must be collected for one or more specific and legitimate purposes in accordance with applicable law.

When so required by law, the consent of the data subjects must be obtained before their data are collected.

Also when so required by law, the purposes for processing the personal data shall be explicit and specific at the time of collection thereof.

In particular, Group companies shall not collect or process personal data relating to ethnic or racial origin, political ideology, beliefs, religious or philosophical convictions, sexual orientation or practices, trade union membership, data concerning health, or genetic or biometric data for the purpose of uniquely identifying a person, unless the collection of said data is necessary, legitimate and required or permitted by applicable law, in which case they shall be collected and processed in accordance with the provisions thereof.

*b) Principle of minimisation.*

Only personal data that are strictly necessary for the purposes for which they are collected or processed and adequate for such purposes shall be processed.

*c) Principle of accuracy.*

Personal data must be accurate and up-to-date. They must otherwise be erased or rectified.

*d) Principle of storage duration limitation.*

Personal data shall not be stored for longer than is necessary for the purposes for which they are processed, except in the circumstances established by law.

*e) Principles of integrity and confidentiality.*

Personal data must be processed in a manner that uses technical or organisational measures to ensure appropriate security that protects the data against unauthorised or unlawful processing and against loss, destruction or accidental damage.

The personal data collected and processed by Group companies must be stored with the utmost confidentiality and secrecy, may not be used for purposes other than those that justified and permitted the collection thereof, and may not be disclosed or transferred to third parties other than in the cases permitted by applicable law.

*f) Principle of proactive responsibility (accountability).*

Group companies shall be responsible for complying with the principles set forth in this *Policy* and those required by applicable law and must be able to demonstrate compliance when so required by applicable law.

Group companies must perform a risk assessment of the processing that they carry out in order to identify the measures to apply to ensure that personal data are processed in accordance with legal requirements. When so required by law, they shall perform a prior assessment of the risks that new products, services or IT systems may involve for personal data protection and shall adopt the necessary measures to eliminate or mitigate them.

Group companies must maintain a record of activities in which they describe the personal data processing that they carry out in the course of their activities.

In the event of an incident causing the accidental or unlawful destruction, loss or alteration of personal data, or the disclosure of or unauthorised access to such data, the internal protocols established for such purpose by the Company's Corporate Security Division (or by such division as may assume the duties thereof at any time) and those that are established by applicable law must be followed. Such incidents must be documented and measures shall be adopted to resolve and mitigate potential adverse effects for data subjects.

In the cases provided for by law, data protection officers shall be designated in order to ensure that Group companies comply with the legal provisions on data protection.

*g) Principles of transparency and information.*

Personal data shall be processed in a transparent manner in relation to data subjects, with the provision to data subjects of intelligible and accessible information regarding the processing of their data when so required by applicable law.

For purposes of ensuring fair and transparent processing, the Group company that is responsible for the processing must inform data subjects whose data are to be collected of the circumstances relating to the processing in accordance with applicable law.

*h) Acquisition or procurement of personal data.*

It is forbidden to purchase or obtain personal data from unlawful sources, from sources that do not sufficiently ensure the lawful origin of such data or from sources whose data have been collected or transferred in violation of the law.

*i) Engagement of data processors.*



Prior to engaging any service provider that may have access to personal data for which Group companies are responsible, as well as during the effective term of the contractual relationship, such Group companies must adopt the necessary measures to ensure and, when legally required, demonstrate, that the data processing by the data processor is performed in accordance with applicable law.

*j) International transfers of data.*

Any processing of personal data that is subject to European Union regulations and entails a transfer of data outside the European Economic Area must be carried out strictly in compliance with the requirements established by applicable law in the jurisdiction of origin. In addition, Group companies located outside the European Union must comply with any requirements for international transfers of personal data that are applicable in their respective jurisdictions.

*k) Rights of data subjects.*

Group companies must allow data subjects to exercise the rights of access, rectification, erasure, restriction of processing, portability and objection that are applicable in each jurisdiction, establishing for such purpose such internal procedures as may be necessary to at least satisfy the legal requirements applicable in each case.

## **5. Implementation**

Pursuant to the provisions of this *Policy*, the Corporate Security Division, together with the Company's Legal Services (or such divisions as may assume the duties thereof at any time), shall develop and keep updated internal rules for global data protection management at the Group level, which shall be implemented by said division and which shall be mandatory for all members of the management team and professionals of the Company.

Likewise, the Corporate Security Division and the Legal Services Division of each country (or such divisions as may assume the duties thereof at any time), shall establish local internal procedures designed to implement the principles laid down in this *Policy* and to adapt the content thereof in accordance with applicable law in their respective jurisdictions.

The Legal Services Division of each country (or such division as may assume the duties thereof at any time) shall be responsible for informing the Company's Corporate Security

Division of regulatory developments and news that occur in the area of personal data protection.

The Company's Systems Division (or such division as may assume the duties thereof at any time) shall be responsible for implementing the information technology systems of the companies of the Group, the information technology controls and developments that are appropriate to ensure compliance with the internal rules for global data protection management, and shall ensure that said developments are updated at all times.

In addition, the businesses and corporate divisions must (i) subject to the provisions of applicable law in each case, appoint the persons responsible for the data, who shall act on a coordinated basis and under the supervision of the Company's Corporate Security Division (or such division as may assume the duties thereof at any time); and (ii) coordinate with the Corporate Security Division (or such division as may assume the duties thereof at any time) any activity that involves or entails the management of personal data, in all cases adhering to the special framework of strengthened autonomy of the listed country subholding companies.

Finally, the Cybersecurity Committee, created pursuant to the provisions of the *Cybersecurity Risk Policy*, shall monitor the general status of personal data protection at companies of the Group and shall endeavour to ensure proper Group-level coordination of risk practices and management in the area of personal data protection, assisting the Corporate Security Division (or such division as may assume the duties thereof at any time) in the approval of rules in the area of cybersecurity and data protection.

## **6. Control and Evaluation**

### **a) Control**

The Corporate Security Division (or such division as assumes the duties thereof at any time) shall supervise compliance with the provisions of this *Policy* by the Company and the other entities of the Group. The foregoing shall in any event be without prejudice to the responsibilities vested in other bodies and divisions of the Company and, if applicable, in the management decision-making bodies of the companies within the Group.

Regular audits shall be performed with internal or external auditors in order to verify compliance with this *Policy*.

b) Evaluation

The Corporate Security Division (or such division as assumes the duties thereof at any time) shall evaluate compliance with and the effectiveness of this *Policy* at least once per year and shall report to the Finance, Control and Corporate Development Division, or to the division assuming such duties at any particular time, on the results of such evaluation.

\* \* \*

This *Policy* was initially approved by the Board of Directors on 21 July 2015 and was last amended on 20 June 2023.

# Data Protection Policy

Corporate Security, Data Protection

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## 1. Purpose

ScottishPower is part of the Iberdrola Group. The purpose of the ScottishPower Data Protection Policy (“**the Policy**”) and the Global Personal Data Protection Framework of the Iberdrola Group the (collectively “**the Group Policies**”) is to:

- i. implement the principles set out in the Group Policies at local level; and
- ii. develop local internal procedures to meet the requirements of local data protection laws. In the UK, this includes the UK GDPR and the Data Protection Act 2018 (the “**UK Data Protection Legislation**”). These requirements apply to the processing of personal data by the ScottishPower Group (“**ScottishPower**”) in the ordinary course of its business.

The Policy explains the key principles of ScottishPower’s approach to data protection and meeting the requirements of UK Data Protection Legislation. It is supplemented by the internal rules and procedures that are set out in the Group Policies (including the Global Personal Data Protection Framework).

## 2. Policy Objectives

Everyone has rights with regards to the way in which their personal data is handled. During the course of its activities, ScottishPower collects, stores and processes personal data about its customers, suppliers, employees and other third parties. ScottishPower recognises that the correct and lawful treatment of this personal data is necessary for compliance with the UK Data Protection Legislation but will also maintain confidence in the organisation and provide opportunities for successful business operations.

In accordance with the Group Policies, ScottishPower has designed a range of local policies, rules, procedures and guidance documents to protect the security and integrity of personal data held by ScottishPower (the “**Policies**”). The Group Policies are implemented and supplemented by the local Policies. The Scottish Power Limited Board of Directors and senior management team require all employees, contractors, suppliers and third parties to fully comply with all Group Policies, local Policies, rules and procedures and failure to do so may result in action e.g., in the case of an employee, it may result in disciplinary action.

## 3. Personal Data

The Group Policies and local Policies relate to the protection of personal data. This is any data from which a living individual can be recognised (with each identifiable individual being a “**Data Subject**”). Common examples of personal data held by ScottishPower includes: customer contact details, customer financial data, credit check data for both customers and employees, prospective employee application data, employee personnel records and personal details of individuals from suppliers and other third parties that ScottishPower may work with.

In certain circumstances, ScottishPower may also process Special Category data, which includes data about an individual's physical or mental health or condition, their racial or ethnic origin, their religious views / beliefs, sexual orientation, trade union membership and criminal background.

## 4. Data Protection Principles

As referred to above, ScottishPower is accountable for its compliance with the following fundamental data protection principles:

- I. Personal data should be processed lawfully, fairly and in a transparent manner.
- II. Personal data should be collected for specified, explicit and legitimate purposes and not processed in a manner that is incompatible with those purposes.
- III. Personal data should be adequate, relevant, and limited to what is necessary in relation to the purpose(s) for which it is processed.
- IV. Personal data should be accurate and, where necessary, kept up to date.
- V. Personal data should be kept for no longer than is necessary for the purpose(s) for which it is processed.
- VI. Personal data should be processed in a manner that ensures appropriate security of the personal data.

## 5. Data Subject Rights

ScottishPower is also required to enable Data Subjects to exercise the following rights in respect of their personal data:

- I. The right to be informed about the processing of their personal data – ScottishPower must ensure that all Data Subjects are informed about the ways in which their Personal Data is being processed and the other rights they have in relation to this processing. ScottishPower therefore publishes privacy notices on its websites and provides Data Subjects with additional notices where required.
- II. The right to access a copy of their personal data.
- III. The right to have any inaccuracies in their personal data rectified.



- IV. The right to have their personal data erased in certain circumstances (such as where the personal data no longer needs to be processed in relation to the purpose(s) for which it was collected).
- V. The right to have the processing of their personal data restricted in certain circumstances (such as where the personal data does not need to continue to be processed but the individual does not want their data to be permanently erased).
- VI. The right to receive their personal data, which they have provided to ScottishPower, in an easily-portable format and to have that data transmitted to another party in certain circumstances, e.g., when asked by a customer to transfer the data to another energy provider, ScottishPower would provide the data in a format that is machine readable.
- VII. The right to object to certain types of processing (such as profiling).
- VIII. The right not to be subject to a decision based solely on automated processing of personal data.

ScottishPower has procedures in place to enable Data Subjects to exercise their rights appropriately across its different business units. These include a Procedure for Privacy Notices and Consent and a Procedure for the Exercise of Rights.

It is imperative that any correspondence received from an individual about exercising their data protection rights is immediately referred to the relevant Data Protection Manager or the Data Protection Officer using the details noted at Section 12.

## 6. Data Protection by Design & Default

ScottishPower has a procedure that must be considered when going through the process of developing or procuring new products or services that will process personal data, e.g., a new processing activity or the development of a new software application, including situations in which these are contracted by third parties.

## 7. Processing Activity Register & Impact Assessments

ScottishPower captures all processes which involve the processing of personal data in its Processing Activity Register (“PAR”). The PAR is held and updated by ScottishPower to ensure compliance with its obligations under the UK Data Protection Legislation. The PAR captures details such as the categories of personal data, the purpose of the processing, any processing carried out by third parties, the systems involved in the processing, the lawful basis etc. If it is identified that the processing of certain personal data is deemed ‘high risk’ to the rights and freedoms of Data Subjects, ScottishPower will complete a Data Protection Impact Assessment (“DPIA”) to identify and minimise any data protection risks associated with that particular high risk processing.

## 8. International Data Transfers

ScottishPower will only transfer personal data outside of the UK and EEA when it is legally permitted to do so and in compliance with the UK Data Protection Legislation. When ScottishPower shares personal data with third parties in countries outside of the UK and EEA, it will assess the transfer (including the data protection laws, customs and practices in the country of destination) and will put in place any required contractual arrangements, including any necessary safeguards including the UK's International Data Transfer Agreement, or the EU's Standard Contractual Clauses and the UK Addendum.

Iberdrola has implemented Binding Corporate Rules ("BCRs") which permit international transfers of personal data between Iberdrola Group companies for the type of international transfers specified in the BCRs, e.g. employee personal data.

These BCRs have been approved by the Spanish Data Protection Agency and are binding on all Group companies (including the ScottishPower Group). The BCRs and the list of Iberdrola entities who have signed up to them are available on our and Iberdrola's websites.

## 9. Third Party Engagement

Where ScottishPower engages a third party to process personal data, it will conduct all necessary due diligence and ensure agreements and contracts provide appropriate protection to the personal data. ScottishPower will do this both when appointing a third party to process personal data on its behalf or when sharing personal data with a third party who is processing personal data for its own purposes.

ScottishPower has a Procedure for Data Protection in Procurement which must be followed to ensure that any data sharing complies with the UK Data Protection Legislation and any applicable regulatory guidance.

## 10. Report Concerns & Data Breaches

ScottishPower could face significant repercussions if it fails to comply with its obligations under the UK Data Protection Legislation. The UK Information Commissioner's Office ("ICO") has statutory powers and authority to issue significant fines for breaches of the UK Data Protection Legislation.

It is imperative that employees understand and comply with the Group Policies and local Policies, and work to ensure that contractors, suppliers and other third parties with whom ScottishPower deals do likewise. Any questions or concerns regarding the Group Policies or local Policies or our compliance with them should

immediately be referred to the relevant Data Protection Manager or the Data Protection Officer using the details noted at Section 12.

ScottishPower has an Incident Response Procedure in place which sets out the action to be taken in the event of any accidental or illegal destruction, loss or alteration of personal data, or any unauthorised processing of personal data for which ScottishPower is responsible (a “**Personal Data Breach**”). Accordingly if an employee (whether directly or indirectly through a contractor, supplier or other third party) becomes aware or suspects that a Personal Data Breach has occurred (or is occurring), the issue must be immediately reported to the responsible business area’s Data Protection Manager or the Company’s Data Protection Officer, using the details noted at Section 12.

Failure to comply with the terms of our Group Policies and local Policies may result in action being taken, e.g., in the case of an employee, this may result in disciplinary action.

## 11. Training

ScottishPower requires all staff to undertake mandatory training on Data Protection and Binding Corporate Rules. In addition, all staff are required to undertake regular refresher training.

## 12. Implementation & Monitoring

ScottishPower’s Data Protection Officer can be contacted at [dataprotection\\_corporate@scottishpower.com](mailto:dataprotection_corporate@scottishpower.com). The Data Protection Officer is responsible for the day-to-day oversight of the Policies and is responsible for monitoring and reporting compliance with the Policies to ScottishPower Limited’s Board of Directors. The Data Protection Officer is also responsible for liaising with the ICO regarding ScottishPower’s data protection compliance and accountability.

All departments within ScottishPower must implement and observe the Group Policies and local Policies. Any questions or concerns about the Group Policies and local Policies or their implementation in a specific area or department, or relating to any specific data protection responsibilities or considerations which may apply, should be referred to the Data Protection Manager for that area or department in the first instance, if the Data Protection Manager is unavailable, the questions or concerns should be referred to the Data Protection Officer.

**Business Data Protection Managers** can be contacted at the following:

Retail:- [DataProtection@scottishpower.com](mailto:DataProtection@scottishpower.com)

SP Energy Networks:- [dp@energynetworks.co.uk](mailto:dp@energynetworks.co.uk)

Onshore Renewables:- [dataprotection\\_onshorerenewables@scottishpower.com](mailto:dataprotection_onshorerenewables@scottishpower.com)

Offshore Renewables:- [ukus\\_offshorerenewables@scottishpower.com](mailto:ukus_offshorerenewables@scottishpower.com)

Corporate:- [dataprotection\\_corporate@scottishpower.com](mailto:dataprotection_corporate@scottishpower.com)

## Further Information

More information about the UK Data Protection Legislation can also be found at the ICO's website:  
<https://ico.org.uk/>.

# Policy on Anti-Bribery and Corruption

ScottishPower Compliance Division

Prepared:

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ScottishPower  
Compliance Division

Reviewed:

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ScottishPower  
Chief Compliance Officer

Approved:

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Scottish Power Limited  
Board of Directors

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## Version Control

Version	Author	Purpose	Date
1.0	SP Compliance Division	Final approved version following annual review and update of content.	July 2019

2.0	SP Compliance Division	Implementation of document management principles, and annual review and update of content.	October 2020
2.1	SP Compliance Division	Updated contact details for reporting a concern.	August 2021
3.0	SP Compliance Division	Annual review and update of content following external benchmarking and best practice exercise	February 2022
3.1	SP Compliance Division	Annual review and update of content, alignment to new brand	June 2023
4.0	SP Compliance Division	Final approved version.	July 2023

# 1. Purpose

At ScottishPower (the “Company”) we take a zero-tolerance approach to bribery and corruption, and we are committed to the highest standards of ethical conduct and integrity in all our business activities, in line with the Iberdrola Group Code of Ethics and the Iberdrola Anti-Corruption and Anti-Fraud Policy.

The ScottishPower Anti-Bribery and Corruption Policy (the “Policy”) sets out the principles for compliance with that approach, explains how they are applied within the Company, and encourages and provides guidance for reporting of any suspected breaches.

# 2. Scope

This policy applies to all ScottishPower employees (whether full or part-time), including all directors, officers, managers, agents, and permanent or temporary contractors. This policy also applies to third parties working on behalf of ScottishPower, as well as our suppliers, partners, and others we do business with.

This policy applies to all of ScottishPower’s business dealings and transactions in all countries in which it, or its subsidiaries, conduct any business. Moreover, ScottishPower expects its third parties, suppliers, partners, and others we do business with, to conduct themselves in an ethical manner and consistent with the principles outlined in this Policy.

ScottishPower can be held liable for failing to prevent bribery by employees or associated persons working on ScottishPower’s behalf, regardless of where the act takes place. Compliance with this policy is therefore mandatory.

The ScottishPower Compliance Division is responsible for the day-to-day oversight of the Policy. The Chief Compliance Officer is the Senior Officer responsible for the Policy who will monitor and report on compliance with the Policy to the Scottish Power Limited Board of Directors, the Scottish Power Limited Audit and Compliance Committee, and the Group Compliance Unit.

# 3. Bribery and Corruption Defined



**Bribery** is an inducement or reward offered, promised, or provided, to improperly gain any commercial, contractual, regulatory, or personal advantage. For example, giving someone money or offering a job in return for favours or special treatment.

The UK Bribery Act 2010 came into force on 1 July 2011 and there are serious consequences, for individuals and / or companies found to be non-compliant with the Act, including imprisonment and unlimited fines. There are four key offences under the UK Bribery Act 2010:

- Offering, promising, or giving a bribe;
- Requesting, agreeing to receive, or accepting a bribe;
- Bribing a foreign public official; and
- Failure of commercial organisations to prevent bribery.

**Corruption** is any dishonest or illegal behaviour that is aimed at gaining an improper advantage. Corruption can typically include activities such as theft, misreporting, embezzlement, or financial crimes such as money laundering, tax evasion or terrorist financing.

## 4. Anti-Bribery & Corruption Principles

ScottishPower is committed to the following key Anti-Bribery and Corruption principles:

### A. DOING BUSINESS

- We will carry out business fairly, honestly, and openly.
- Facilitation or 'grease' payments and kickbacks, whether legal or not in a country, are prohibited. Employees must notify the Compliance Division when they identify any kind of request for a facilitation payment:
  - Facilitation or 'grease' payments are a type of bribe. They are usually defined as payments made to expedite or facilitate the performance of a routine transaction or service.
  - Kickbacks are an illegal payment intended as compensation for preferential treatment, to induce a purchase or improperly influence future purchases.
- We do not allow employees to accept money, gifts, hospitality, and other advantages from business associates, actual or potential suppliers, or service providers which are intended or could be seen to influence a business decision or transaction.

- Where gifts or hospitality are considered to be appropriate in the circumstances, these should be recorded to ensure appropriate transparency and oversight. A central register is in place for ScottishPower employees to record gifts, hospitality, and conflicts of interest.
- We will not give or offer any money, gift, hospitality, or other advantage to any person carrying out a business or public role in the UK or abroad, or to a third party associated with that person, to get them to do something improper or to improperly influence them to our business advantage.
- Regardless of their purpose, all gifts or hospitality accepted or offered by ScottishPower employees must be of limited value and reasonable in the circumstances.
- No employee will suffer demotion, penalty, or other adverse consequence for refusing to pay bribes, even if it may result in ScottishPower losing business.
- We will adhere to all applicable standards, principles, and laws for accounting and financial reporting, make and keep accurate records that reflect all the transactions of the Company, and maintain an adequate system of internal accounting controls.

## **B. PUBLIC OFFICIALS**

- All interactions with public officials, both foreign and domestic, must comply with this Policy, the Company's Code of Ethics, and with all applicable laws, rules, and regulations.
  - A public official may include anyone, regardless of rank or title, who exercises a public, administrative, or judicial function. This includes anyone who works with, on behalf of, or for:
    - A government, a government agency, a local or public authority;
    - A political party, politician or individual engaged in politics;
    - A person who works for a public international organisation (for example, the United Nations or the World Bank);
    - An employee of a state-owned company; or
    - A close relative of any of the above.

**If in any doubt, contact the SP Compliance Division.**

- You must ensure that you maintain the principles of transparency, openness, and honesty in dealing with any public officials. Regardless of the intent, all employees and third parties must be sure that they do not act in any way that could even create the appearance of any impropriety.
- ScottishPower does not support individual politicians or officials, and does not make contributions to political parties, organisations or individuals engaged in politics as a way of obtaining an advantage in business.

- ScottishPower recognises that there can be legitimate business reasons for supporting events and other activities of public officials. The amounts involved in such support should be reasonable, and any payment for such an event must be made direct to the political party or organisation, rather than to an individual.
- ScottishPower employees engaging directly with politicians or government agencies, or speaking at an event attended by politicians, must inform the Government Affairs team as soon as possible, in line with the ScottishPower Political Engagement Policy.

#### **C. THIRD PARTIES**

- If a third party does not commit to doing business without bribery, then we will not work with them.
- Third parties are not permitted to offer or provide any money, gift, hospitality or other advantage in order to secure benefits for themselves or the Company when carrying out business connected with ScottishPower.
- We will not use intermediaries or contractors for the purpose of committing acts of bribery.
- We will carry out appropriate risk assessment and due diligence on third parties and maintain a record of this process.
- We will include appropriate anti-bribery and corruption clauses within our contractual arrangements.
- We expect our third parties to support and comply with the principles of this Policy and ensure equal standards are upheld within their subcontractor populations.

#### **D. MONITORING AND AWARENESS**

- We will undertake a bribery and other financial crime risk assessment regularly to ensure the appropriate management of risk. The results of the risk assessment will be documented and retained for record keeping purposes.
- Employees will be provided with appropriate training in this area.

**Failure to comply with any provision of this Policy is a serious violation. Any employee found to be in breach of these principles will face disciplinary action**

## **5. Control, Evaluation and Review**

The ScottishPower Compliance Division shall review the contents of the Anti-Bribery & Corruption Policy on an annual basis, ensuring that the policy reflects the recommendations and best international practices in effect,

and shall propose to the Board those amendments and updates that contribute to the development and ongoing improvement of the policy.

This Policy was last approved by the Scottish Power Limited Board on 11 July 2023.

## 6. Further Information and Guidance

The following supplementary policies are available, for ScottishPower employees, on the SP Compliance Division area of the employee portal ([Iberdrola Group > Our areas and businesses > SP Compliance Division](#)):

- Code of Ethics;
- ScottishPower Code of Conduct and Disciplinary Rules;
- The Compliance and Ethics Manual;
- Speaking Out Guidelines.

## 7. Reporting a Concern

We all have a responsibility to help prevent, detect, and report instances of bribery and corruption. If you have a concern regarding a suspected instance of bribery or corruption, or a breach of this Policy, please Speak Out.

If you feel comfortable to do so, you can discuss your concern with your line manager in the first instance. You or your line manager should report any concerns relating to a breach of this policy in one of the following ways:

In person or by email to your Business Compliance Officer (BCO)	<b>SP Chief Compliance Officer &amp; Corporate BCO - Pamela Mowat</b> <a href="mailto:pamela.mowat@scottishpower.com">pamela.mowat@scottishpower.com</a>
	<b>SP Energy Networks BCO - June Dickson</b> <a href="mailto:june.dickson@spenergynetworks.co.uk">june.dickson@spenergynetworks.co.uk</a>
	<b>SP Renewables BCO - Amanda Henderson</b> <a href="mailto:amanda.henderson@scottishpower.com">amanda.henderson@scottishpower.com</a>
	<b>SP Retail BCO - Sean Tierney</b> <a href="mailto:sean.tierney@scottishpower.com">sean.tierney@scottishpower.com</a>
By email to the Compliance Division mailbox	<a href="mailto:compliancedivision@scottishpower.com">compliancedivision@scottishpower.com</a>
Through the Ethics Helpline reporting tab	Available on the ScottishPower Employee Portal ( <i>ScottishPower employee guide on how to report can be found <a href="#">here</a></i> )
Through People InTouch, our external third party Speaking Out service provider	<b>Online at:</b> <a href="http://www.speakupfeedback.eu/web/scottishpower/gb">http://www.speakupfeedback.eu/web/scottishpower/gb</a> <b>By calling:</b> 0800-169-3502 ScottishPower Access Code (for both services): 45042

**ScottishPower will not tolerate any form of discrimination, harassment or retaliation against any person who raises a concern in good faith or refuses to participate in conduct that would violate law or this Policy.**



# Policy on Business Separation

ScottishPower Compliance Division

Prepared:

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ScottishPower  
Compliance Division

Reviewed:

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ScottishPower  
Chief Compliance Officer

Approved:

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Scottish Power Limited  
Board of Directors

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## Version Control

Version	Author	Purpose	Date
1.0	SP Compliance Division	Final approved version following annual review and update of content.	July 2019
1.1	BCO, SP Energy Networks	Implementation of document management principles, and annual review and update of content.	September 2020
2.0	BCO, SP Energy Networks	Final approved version following annual review and update of content.	October 2020

2.1	SP Compliance Division	Updated contact details for reporting a concern	August 2021
3.0	SP Compliance Division	Final approved version.	September 2021
3.1	SP Compliance Division	Annual review and update of content, alignment to new brand.	June 2023
4.0	SP Compliance Division	Final approved version.	July 2023



# 1. Purpose

This Policy outlines the business separation obligations that are placed on SP Energy Networks (“SPEN”) and sets out the key steps that the ScottishPower Group (“ScottishPower”) will take to meet these obligations.

# 2. Scope

As SPEN operates as a natural monopoly in its core business areas, it has regulatory obligations through its Distribution and Transmission licences to operate within the conditions of Business Separation. This means that our Transmission and Distribution businesses (or “Regulated activities”) are required to keep their activities fully separate from any competitive energy activities (or “Liberalised activities”) carried out across ScottishPower (“Business Separation Requirements”).

The main Business Separation Requirements are set out within Condition 42 of the Distribution Licence and Special Condition 9.15 of the Transmission Licence. SPEN are also required to appoint a Business Separation Compliance Officer to support compliance with the Business Separation Requirements.

Article D.18 of the Iberdrola Code of Ethics recognises the importance of the separation of Regulated and Liberalised activities. It commits all Iberdrola Group companies to follow the industry regulations regarding business separation, including making sure that all relevant employees are aware of the rules, and that any policies developed in this area are published appropriately.

Although the Business Separation Requirements are placed on SPEN, all ScottishPower employees are responsible for supporting compliance with the requirements. The Scottish Power Limited (the “Company”) Board of Directors (the “Board”) and Senior Management Team expects all employees to fully comply with this Policy, which extends to all business dealings and transactions in the UK

# 3. Business Separation Requirements

Business Separation licence obligations are placed on SPEN to operate the Transmission and Distribution businesses independently from other parts of ScottishPower. **Failure to comply with the obligations can result in Ofgem imposing financial penalties on SPEN, and there is also a risk of reputational damage to ScottishPower and the wider Iberdrola Group.**

In addition, Ofgem has certified that SP Transmission does not currently need to comply with the requirements of the unbundling requirements under the EU Third Energy Package. This means that SPEN can continue to operate a Transmission business alongside its other operations. This relaxation of the regulations could be withdrawn if the separation requirements are not met, ultimately resulting in the forced separation of the Transmission business from SPEN's operations.

The Company takes a zero-tolerance approach to non-compliant and unethical behaviour with laws and regulations in which the Company must comply. This includes a commitment to have in place arrangements to guarantee effective separation of activities to meet compliance with the Business Separation Requirements.

ScottishPower is committed to the following principles to support compliance with SPEN's Licence Obligations:

## A. LICENCE REPORTING OBLIGATIONS

SPEN will submit the following annual certifications and reports to Ofgem, relating to the Business Separation Requirements:

- **Ultimate Controller Undertaking:** – Confirmation that Iberdrola S.A., as the Ultimate Controller, will not take any action that would cause SPEN (as the licensee) to breach the Electricity Act 1989 or its licence requirements. This means Iberdrola S.A. and all subsidiaries must comply with our Business Separation Requirements.
- **Business Separation Report:** – A report setting out how Business Separation Requirements are being controlled and monitored, any issues arising in the previous year and how any risks and control deficiencies have been addressed.
- **Unbundling Certificate:** – A declaration that no events or circumstances have arisen which may affect SPEN's eligibility for Transmission unbundling derogation from the EU rules (which allows the Transmission business to stay as part of SPEN's operations).

## B. OPERATIONAL LICENCE REQUIREMENTS

SPEN will submit the following annual certifications and reports to Ofgem, relating to the Business Separation Requirements:

- **Managerial and Operational Separation:** SPEN must put in place, and at all times maintain, full managerial and operational independence of the Distribution and Transmission business from other ScottishPower businesses or companies. The ScottishPower Group structure has been designed to allow full managerial

and operational independence of SPEN, and the corporate governance model in place supports this, to make sure the requirements are met.

Any organisational and business change, such as SPEN staff moving to other business areas, appointments to other business positions including embedded functions, or appointment of Directors, must consider the impact on Business Separation Requirements. Any employees from other business areas who engage with SPEN (such as through cross-business steering groups where best practice is shared) must ensure that the Business Separation Requirements are not breached.

- **Non-disclosure of confidential information:** Arrangements must be in place to ensure that confidential SPEN information is not disclosed to other ScottishPower businesses or companies. Confidential information means any information that is not in the public domain. Information which could be considered confidential information will cover a wide range of subjects, including but not limited to, generation connection dates, other supplier data, cost data from SPEN procurement processes, or financial data related to SPEN.
- **Segregating of systems for recording, processing, or storing data:** Arrangements must be in place to prevent employees from other ScottishPower businesses or companies having unauthorised access to SPEN systems and confidential SPEN data. This includes data held within billing and customer management systems, or any IT system where commercially confidential SPEN information resides.
- **Restricted access to SPEN premises:** Arrangements must be in place to prevent employees from other ScottishPower businesses or companies having access to ScottishPower sites, or areas of ScottishPower sites, occupied by the SPEN business. Employees of other ScottishPower businesses cannot access any SPEN floors or buildings without prior authorisation from SPEN (and the appropriate escort within the area).
- **Prohibition of cross subsidies:** Arrangements must be in place to ensure there is no cross subsidisation between SPEN and any other ScottishPower company. This extends to internal corporate recharges, any transfer of goods or services, or business activity between the SPEN business and other ScottishPower companies.
- **Non-discrimination of metering and connection services:** SPEN must not give preferential treatment to any other ScottishPower Group company when setting charges and carrying out activity in relation to Use of System, customer connections and metering/distribution.

**Branding:** SPEN must have, and maintain, a brand that is fully distinct from other ScottishPower businesses or companies. This means separate and distinct branding of assets, communications, and material logos.

## C. CORPORATE FUNCTIONS

There will be occasions where corporate functions are required to engage with SPEN in relation to the management and operation of the Distribution and Transmission businesses. For example, the consolidation of Group accounts, input to policy or regulatory developments, and audit and compliance oversight. Where this is the case, effective arrangements must be in place to ensure information is only used for that purpose, and not

disclosed further. Access to any relevant systems or premises must also be appropriately controlled, as detailed above.

## 4. Control, Evaluation and Review

SPEN is obligated under the Business Separation Requirements to appoint an independent Business Separation Compliance Officer (BSCO) to monitor the effectiveness of practice and controls in place across the Company to meet licence obligations. The BSCO is required to produce an annual report to the Directors of SPEN and the SP Energy Networks Holding Ltd Audit & Compliance Committee on the effectiveness of these controls.

The ScottishPower Compliance Division is responsible for this Policy and will review it on an annual basis. ScottishPower's Chief Compliance Officer will report to the Board and the Audit and Compliance Committee on compliance against this policy as appropriate, primarily through publication of the annual BSCO Report. The Business Compliance Officer for SPEN also provides an independent oversight of the Business Separation compliance framework.

The Network Planning & Regulation Director of SPEN has overall business responsibility for compliance with Business Separation Requirements. The Licence and Assurance Manager within the Network Planning & Regulation Department has responsibility for the day-to-day management and monitoring of business separation compliance within the SPEN business.

This Policy was last approved by the Scottish Power Limited Board on 11 July 2023.

## 5. Further Information and Guidance

The Distribution and Transmission Business Separation licence conditions can be found on the Ofgem website:

- <https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions>

Further guidance can also be obtained from the SPEN Revenue, Assurance and Regulatory Economics Manager within the SPEN Network Planning and Regulation Department. All queries should be sent to the following mailbox:

- [businessseparation@spenergynetworks.co.uk](mailto:businessseparation@spenergynetworks.co.uk)

The following supplementary policies are available for ScottishPower employees on the SP Compliance Division area of the employee portal ([Iberdrola Group > Our areas and businesses > SP Compliance Division](#)):

- Code of Ethics (Article D.18 covers business separation requirements); and
- ScottishPower Code of Conduct and Disciplinary Rules.

## 6. Reporting a Concern

The Company takes a zero-tolerance approach to non-compliant and non-ethical behaviour with laws and regulations in which the Company must comply. If you feel comfortable to do so, you can discuss your concern with your line manager in the first instance. You or your line manager should report any concerns relating to a breach of this policy in one of the following ways:

By email to the SPEN Revenue, Assurance and Regulatory Economics Manager	<a href="mailto:businessseparation@spenergynetworks.co.uk">businessseparation@spenergynetworks.co.uk</a>
In person or by email to your Business Compliance Officer (BCO)	<b>SP Chief Compliance Officer &amp; Corporate BCO - Pamela Mowat</b> <a href="mailto:pamela.mowat@scottishpower.com">pamela.mowat@scottishpower.com</a>
	<b>SP Energy Networks BCO - June Dickson</b> <a href="mailto:june.dickson@spenergynetworks.co.uk">june.dickson@spenergynetworks.co.uk</a>
	<b>SP Renewables BCO - Amanda Henderson</b> <a href="mailto:amanda.henderson@scottishpower.com">amanda.henderson@scottishpower.com</a>
	<b>SP Retail BCO - Sean Tierney</b> <a href="mailto:sean.tierney@scottishpower.com">sean.tierney@scottishpower.com</a>
By email to the Compliance Division mailbox	<a href="mailto:compliance@scottishpower.com">compliance@scottishpower.com</a>
Through the Ethics Helpline reporting tab	Available on the ScottishPower Employee Portal ( <i>ScottishPower employee guide on how to report can be found <a href="#">here</a></i> )
Through People InTouch, our external third party Speaking Out service provider	<b>Online at:</b> <a href="http://www.speakupfeedback.eu/web/scottishpower/gb">http://www.speakupfeedback.eu/web/scottishpower/gb</a> <b>By calling:</b> 0800-169-3502 ScottishPower Access Code (for both services): 45042

Please refer to the ScottishPower Speaking Out Guidelines for detailed information on the resources available and the protections for anyone making such reports. The Speaking Out Guidelines are available for ScottishPower employees on the SP Compliance Division area of the ScottishPower intranet portal ([Iberdrola Group > Our areas and businesses > SP Compliance Division](#)).

SCOTTISHPOWER  
**GOVERNMENT AFFAIRS**  
May 2018

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# **Political Engagement Policy**

## Policy Objective

The Political Engagement Policy (the “Policy”) regulates what Scottish Power employees must do before engaging with politicians and their advisers as part of our day to day activities. In ScottishPower responsibility for these relationships sits with the Government Affairs Team within Corporate Communications.

The Government Affairs team act as a single point of contact for parliamentarians and their advisers on a proactive and reactive basis.

Anyone contacting, engaging and meeting with parliamentarians, government ministers and their advisers must seek approval from the Government Affairs team.

The Scottish Power Limited Board of Directors (the “Board”) and senior management team expect all employees, contractors, suppliers and third parties to fully comply with this Policy, which extends to all majority owned business dealings and transactions in the UK and in all countries in which ScottishPower (the “Company”) or our subsidiaries and associates operate.

## Implementation and Monitoring

The ScottishPower Government Affairs team within Corporate Communications is responsible for the day to day oversight of the Political Engagement Policy. The Head of Government Affairs is the Senior Officer Responsible for this policy.

Information regarding engagement with politicians must be sent within 3-5 days of activity to [govaffairs@scottishpower.com](mailto:govaffairs@scottishpower.com) to ensure the Lobbying Register is updated and we remain in line with the legislation.

The pro forma included in ANNEX 1 must be completed and sent to:

[govaffairs@scottishpower.com](mailto:govaffairs@scottishpower.com)

Failure to comply with this policy could constitute breach of the Iberdrola Code of Ethics and ScottishPower Code of Conduct and Disciplinary Rules.

The consequences for ScottishPower could be equally severe including a fine, serious reputational damage, and loss of investor confidence.

## Lobbying (Scotland) Act 2016 (the “Act”)

The Scottish Parliament passed legislation in 2016 to create a register of “regulated” lobbying, designed to improve transparency of lobbying contact between organisations and:

- Members of the Scottish Parliament (MSPs)
- Members of the Scottish Government



- The Permanent Secretary of the Scottish Government
- Scottish Government Special Advisers

There are three tiers of compliance with the Act:

- The Lobbying Registrar can issue an Information Notice to anyone reported to have been engaged in regulated lobbying where this has not been registered.
- The Commissioner for Ethical Standards in Public Life in Scotland can investigate complaints about non-compliance with the Act and submit a report to Parliament upon conclusion of an investigation. Ultimately, the Parliament could then censure the subject of the Commissioner's report.
- Non-compliance could also result in criminal prosecution and the application of penalties.

As a result of similar schemes elsewhere in the UK this policy applies across the board, to all parliamentarians.

## Key Political Engagement Principles

ScottishPower is committed to the following key political engagement principles:

- Transparency and openness
- A consistent and coordinated approach
- Single point of contact for parliamentarians
- Good stakeholder engagement practice
- We are now required by law to keep a, publicly available, register of contact with politicians

The Government Affairs Team is responsible, at a Group level for all engagement with parliamentarians, government ministers and their advisers.

Anyone contacting, engaging and meeting with parliamentarians, government ministers and their advisers must seek approval from the Government Affairs Team as per explained in the section below. Pro forma included in ANNEX 1 must be completed and sent to: [govaffairs@scottishpower.com](mailto:govaffairs@scottishpower.com)

On occasions of chance meetings or contact intimated by a parliamentarians, government ministers and their advisers you must alert the Government Affairs Team to advise of this contact. This includes any conversations outside the UK.

## Report a Concern

The Company is committed to a programme to counter the risk of ScottishPower being in breach of the Lobbying (Scotland) Act. Any concerns relating to a breach of the Policy should be reported to the Government Affairs team - [govaffairs@scottishpower.com](mailto:govaffairs@scottishpower.com)

## Further information and guidance

The following supplementary documents are available on the ScottishPower Compliance Division intranet site:

- Code of Ethics
- ScottishPower Code of Conduct and Disciplinary Rules

### Further Information and Guidance

- The Scottish Parliament Lobbying Registrar website
- The Scottish Parliament Lobbying Code of Conduct
- The Scottish Government Ministerial Code
- The MSP Code of Conduct
- Civil servants and Special Advisers are covered by the UK Civil Service Code.
- Scottish Ministers are covered by the Scottish Ministerial Code.

### ANNEX 1:

Political engagement log	
Employee name	
Date of engagement	
Name of MP/MSP/AM/(Adviser)	
Type of communication	email/call/meeting

Location	
Description of meeting/email/call	

# Policy on Competition Law Compliance

ScottishPower Compliance Division

Prepared:

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ScottishPower  
Compliance Division

Reviewed:

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ScottishPower  
Chief Compliance Officer

Approved:

-----  
Scottish Power Limited  
Board of Directors

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## **Version Control**

Version	Author	Purpose	Date
1.0	SP Legal	First draft version updating existing Policy Doc.	September 2019
1.1	SP Compliance Division	Review of Policy document in line with Competition Protocol.	April 2021
2.0	SP Compliance Division	Final approved version following Legal review and update of content.	June 2021
2.1	SP Compliance Division	Annual review and update of content, alignment to new brand	June 2023
3.0	SP Compliance Division	Final approved version following Legal review and update of content	July 2023

# 1. Introduction

This Policy addresses UK Competition Law compliance. Anti-competitive agreements and abusive conduct by dominant businesses harms consumers, stifles economic growth and undermines the Rule of Law, causing serious harm to the economy and to society. Breaches of Competition Law can be criminal and can lead to the imprisonment of directors, officers and employees or can expose Iberdrola, S.A. (“Iberdrola”), Scottish Power Limited (“ScottishPower”) and all its group companies (“ScottishPower Group”) to very significant sanctions, including fines of up to ten percent of worldwide turnover.

Pursuant to the provisions of the Iberdrola Purpose and Values of the Iberdrola group and Code of Ethics, ScottishPower and the ScottishPower Group assume the responsibility for avoiding: (1) abusive conduct where its businesses are dominant; and (2) involvement in anti-competitive agreements. For such purposes, ScottishPower’s Board of Directors, which is responsible for formulating the strategy and approving the Corporate Policies of ScottishPower and the ScottishPower Group and for organising the internal control systems, has approved this Scottish Power Competition Law Compliance Policy (the “Policy”).

ScottishPower has approved this Policy in compliance with the Iberdrola Corporate Governance and Sustainability System. This system permits ScottishPower to adopt, develop and adapt the policies, rules and principles contained in the Iberdrola Code of Ethics, to the particular nature of each ScottishPower Group business or jurisdiction, reporting them to the Iberdrola Compliance Unit. The Iberdrola Code of Ethics emphasises the critical importance of compliance with Competition Law, and it follows that this Policy is entirely consistent with these principles.

## 2. Purpose

This Policy is intended to convey to all officers and employees of the ScottishPower Group, as well as to third parties establishing relations with the ScottishPower Group, an unambiguous message of opposition to anti-competitive agreements and abusive conduct by dominant undertakings in all of their manifestations, and the Group’s firm objective to comply with UK Competition Law.

The Policy is a commitment to:

- Unwavering vigilance against anti-competitive agreements and abusive conduct by dominant entities.
- Maintaining effective mechanisms for communication and awareness-raising among employees.
- Developing a corporate culture of ethics and honesty.

### 3. Scope

This Policy shall apply to all directors, officers, and employees of ScottishPower and the ScottishPower Group. Employees who manage ScottishPower Group suppliers are responsible for ensuring that the suppliers are aware of this Policy:

### 4. What are Anti-Competitive Agreements

UK law prohibits anti-competitive agreements. These are agreements, arrangements or concerted practices which have the effect or intended effect of preventing, restricting or distorting competition; for example, agreements to fix prices, limit production, not sell below a particular price and to share markets or customers. Agreements with long exclusivity periods can also breach this law.

### 5. What is Abusive Conduct by Dominant Businesses

A dominant business has a high market share and may even have a monopoly, where they have significant market power. It should be assumed that SP Transmission plc, SP Manweb plc and SP Distribution plc are dominant. Dominant businesses are prohibited from behaving in a way that abuses that dominant position. Some key examples of abusive conduct include refusing to supply or allow access to infrastructure, discriminatory and/or predatory pricing.

### 6. Principles of Conduct

The principles governing this Policy are:

- a) All ScottishPower Group companies must comply with UK Competition Law, regardless of their place of registration. The ScottishPower Group does not tolerate, permit, or become involved in any kind of anti-competitive agreements or abusive conduct by dominant undertakings when conducting its activities.
- b) The ScottishPower Group fosters a preventive culture based on the principle of 'zero tolerance' towards anti-competitive agreements and abusive conduct by dominant undertakings. This 'zero tolerance' principle is of an absolute and primary nature and prohibits the conduct of business or transactions which are a breach of Competition Law. It also prohibits such conduct or agreements if they are otherwise unlawful or contrary to the principles set out in the Iberdrola Corporate Governance and Sustainability System including the 'Purpose and Values of the Iberdrola Group' and 'Code of Ethics'. No director, officer, or employee of the ScottishPower Group ("Professionals") shall in any circumstances fail to comply with this Policy. A breach of this Policy shall entitle the ScottishPower Group to take appropriate disciplinary action.



- c) To achieve compliance with UK Competition Law, the ScottishPower Group has a detailed Competition Law Compliance Programme captured in the “ScottishPower Competition Law Compliance Manual” and this Policy (collectively the “Manual”). All Professionals of the ScottishPower Group are required to familiarise themselves and comply with that Manual, which sets out the Policy in detail and provides practical guidance about UK Competition Law.
- d) All Professionals must consult with their Business Legal Director, or the ScottishPower Group Legal Function if there are any queries or concerns about this Policy.
- e) All Professionals must participate in appropriate training programmes that are provided by ScottishPower.
- f) The ScottishPower Group promotes a transparent environment, maintaining appropriate internal channels to favour the communication of possible breaches, including the Ethics Mailboxes, which allow Professionals, suppliers, and shareholders of the ScottishPower Group to communicate conduct that may entail a breach of Iberdrola’s Corporate Governance System or the commission by a Professional of the ScottishPower Group of an act contrary to the law or to the rules of the Iberdrola Code of Ethics.
- g) The ScottishPower Group’s relationship with its suppliers is based on legality, efficiency, and transparency. Ethical and responsible behaviour is one of the pillars of the ScottishPower Group’s conduct. No supplier of the ScottishPower Group shall: (i) offer in any way, or (ii) act in any way, which could breach UK Competition Law in the context of any activity carried out for or on behalf of the ScottishPower Group.

## 7. Control Evaluation and Review

The ScottishPower Compliance Division is responsible for the implementation of the Competition Law Policy and Manual. Scottish Power’s Chief Compliance Officer is responsible for this Policy and will report to the Scottish Power Limited Audit and Compliance Committee on compliance against this policy as appropriate.

The ScottishPower Group Legal Function is responsible for any legal advice or guidance provided within the scope of this Policy, along with the content of the Competition Law Compliance Manual. No changes will be proposed to this Policy or Manual without the express permission of the ScottishPower Group Legal Function.

The ScottishPower Compliance Division shall ensure that the contents of this Policy are reviewed on an annual basis, working with the ScottishPower Group Legal Function to ensure that the policy reflects the recommendations and best international practices in effect, and shall seek approval from the Secretary to the Board and General Counsel prior to proposing any changes.

Following this review and approval from the Secretary to the Board and General Counsel, those proposed changes will be proposed to the Board of Directors.

This Policy was approved by the Board of Directors on 11 July 2023

## 8. Further Information and Guidance

The following supplementary policies are available for ScottishPower employees on the SP Compliance Division area of the ScottishPower intranet portal (Iberdrola Group > Our areas and businesses > SP Compliance Division):

- Competition Law Compliance Manual.
- Code of Ethics.
- ScottishPower Code of Conduct and Disciplinary Rules.
- ScottishPower Anti-Bribery and Corruption Policy and Procedures.
- Speaking Out Guidelines.

## 9. Reporting a Concern

The Company takes a zero-tolerance approach to non-compliant and non-ethical behaviour with laws and regulations with which the Company must comply. We are committed to a programme to counter the risk of the ScottishPower Group being involved in breaches of Competition Law.

Any concerns relating to a breach of this Policy should be reported to your Business/Corporate Legal Director. The key legal contacts for this programme are:

Name	Position	Contact Details

<p><b>Alternatively, we offer an external third party Speaking Out service, through People InTouch.</b></p>	<p><b>Online at:</b>  <a href="http://www.speakupfeedback.eu/web/scottishpower/gb">http://www.speakupfeedback.eu/web/scottishpower/gb</a></p> <p><b>By calling:</b> 0800-169-3502</p> <p>ScottishPower Access Code (for both services): 45042</p>
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In addition, ScottishPower maintains independent reporting channels for anyone concerned about conduct which does not comply with the Code of Ethics or Code of Conduct and Disciplinary Rules. *Please refer to the ScottishPower Speaking Out Guidelines for detailed information on the resources available and the protections for anyone making such reports. The Speaking Out Guidelines are available for ScottishPower employees on the SP Compliance Division area of the ScottishPower intranet portal ([Iberdrola Group > Our areas and businesses > SP Compliance Division](#)).*

# Corporate Governance

## Risk Policies

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Chapter V of the Governance & Sustainability System contains the corporate governance policies and rules relating to the Company's (and its Group's) main decision-making bodies, and the corporate administration, management, and development of its business generally. It is divided into three Parts.

Part 2 of this chapter contains the following risk policies of the Iberdrola Group as adopted by the Company and its Group, and ScottishPower-specific policies.

*The General Risk Control and Management Policy* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

*The Corporate Risk Policies of the Iberdrola Group* (dated 21 February 2023) were formally adopted by the Company on 21 June 2023 of which a summary document is included here.

*The Specific Risk Policies for the Various Group Businesses* (dated 21 February 2023) was formally adopted by the Company on 21 June 2023 for which a summary document is included here.

References in these documents to Iberdrola, its Group, etc. shall be accordingly construed *mutatis mutandis*.

## GENERAL RISK CONTROL AND MANAGEMENT POLICY

20 June 2023

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company, of its shareholders and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

Among the risk policies, the *General Risk Control and Management Policy* (the “**Policy**”) identifies the principal risks of the Group’s companies and organises appropriate internal control and information systems, as well as the regular monitoring of such systems.

### 1. Object

The object of the *Policy* is to establish the basic principles and general framework for the control and management of all kinds of risks facing the Company and the other companies of the Group, and which must be applied in accordance with the provisions of the *Purpose and Values of the Iberdrola Group*.

The *Policy* is further developed and supplemented through specific policies that may be established for certain risks, corporate functions or businesses within the boundary of the Group.

The country subholding companies must adopt said risk policies of the Company and define the application thereof, approving guidelines on specific risk limits based on the nature and particularities of the businesses in the various countries and territories.

The management decision-making bodies of the head of business companies must approve the specific risk limits applicable to each of them and implement the control systems necessary to ensure compliance therewith.

### 2. Scope

The *Policy* applies to all companies that make up the Group, as well as to the companies that are not part of the Group in which the Company has an interest and over which it has effective control, within the limits established by the laws applicable to the regulated activities carried out by the Group’s companies in the various countries in which they operate.

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 this *Policy* and in the other risk policies of the Company.

At those companies in which the Company has an interest but which do not form part of the Group, the Company shall promote risk principles, guidelines and limits consistent with those established in this *Policy* and in the supplementary risk policies and shall maintain appropriate channels of information to ensure a proper understanding of the risks.

### 3. Risk Factors – Definitions

From a general viewpoint, a risk is considered to be any threat that an event, action or omission may prevent the Group's companies from reaching their objectives and successfully carrying out their strategies.

The risk factors to which the Group's companies are subject generally are listed below:

- a) **Corporate Governance Risks:** arising from a possible breach of: (i) applicable law, (ii) the provisions of the Governance and Sustainability System, (iii) the recommendations of the *Good Governance Code of Listed Companies* of the National Securities Market Commission ("CNMV") and its practical guides, and (iv) international standards in this area.

Potential consequences include: (i) the challenge of corporate resolutions; (ii) the participation of dissident shareholders at the General Shareholders' Meeting; (iii) requests received from the CNMV, or any sanction thereby; and (iv) divestment from or lack of interest in investing in shares of the Company.

- b) **Market Risks:** understood as the exposure of the results and assets of the Group's companies to changes in prices and other market variables, including:
- **Financial:** exchange rate, interest rate, solvency, liquidity, inflation and the value of financial assets and liabilities.
  - **Energy and other raw materials:** electricity, gas and other fuel prices and CO<sub>2</sub> emission rights or other support mechanisms for renewables, as well as those related to other raw materials (including steel, aluminium, copper and polysilicon, amongst others).

- c) **Credit Risks:** defined as the possibility that a counterparty breaches its contractual obligations, thus causing an economic or financial loss to the Group's companies, including the risks of payment and costs of replacement. Counterparties may include end customers, counterparties in financial markets or energy markets, partners, suppliers, contractors, financial institutions and insurance companies.
- d) **Business Risks:** defined as the uncertainty regarding the performance of key variables inherent in the various activities of the Group's companies through their businesses, such as the characteristics of demand, weather conditions and the strategies of different players.
- e) **Regulatory and Political Risks:** are those arising from regulatory changes made by the various regulators, such as changes in compensation of regulated activities or in the required conditions of supply, or in environmental or tax regulations, including risks relating to political changes that might affect legal security and the legal framework applicable to the businesses of the Group's companies in each jurisdiction, nationalisation or expropriation of assets, the cancellation of operating licences and the termination of government contracts.
- f) **Operational, Technological, Environmental, Social and Legal Risks:** those relating to direct or indirect economic losses caused by external events or inadequate internal processes, including those arising from:
- technological failures, human error and technological obsolescence;
  - the operation and construction of facilities;
  - procurement and the supply chain;
  - cybersecurity and information technology systems;
  - the safety and health of people;
  - climate change, extreme natural phenomena and pandemics;
  - regulatory compliance;
  - trustworthiness of financial and non-financial information;
  - fraud and corruption; and
  - litigation, arbitration and taxation issues.
- g) **Reputational Risks:** potential negative impact on the value of the Group's companies resulting from conduct on the part of the company that is below the expectations created among the various Stakeholders, as defined in the *Stakeholder Engagement Policy*, including behaviour or conduct relating to corruption.

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

- classification of risks into structural, “hot topics” and emerging, the latter of which are understood as possible new threats with an uncertain impact and undefined growth probability, but which could eventually become material for the Group’s companies.
- the inclusion of secondary risk factors, including financial, environmental, social, governance (“ESG”), fraud or corruption, tax, health, cybersecurity or third party risk factors.

#### **4. Basic Principles**

The Group’s companies are subject to various risks inherent in the different countries, territories, industries and markets in which they do business and in the activities they carry out, which may prevent them from achieving their objectives and successfully implementing their strategies.

Aware of the significance of this issue, the Board of Directors of the Company undertakes to develop all of its capabilities in order for the significant risks to all the activities and businesses of the Group’s companies to be adequately identified, measured, managed and controlled, and to establish through the *Policy* the mechanisms and basic principles for appropriate management of the risk/opportunity ratio, at a risk level that makes it possible to:

- a) attain Group-level strategic objectives with controlled volatility;
- b) provide the maximum level of assurance to the shareholders;
- c) protect the interests of shareholders, customers and other Stakeholders of the Group’s companies;
- d) contribute to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), with a special focus on goals seven and thirteen;
- e) protect Group-level results and reputation;



- f) ensure corporate stability and financial strength in a sustained fashion over time; and
- g) raise awareness of the risk culture among the professionals of the Group's companies through communication and training programmes.

In pursuing this commitment as expressed through the basic principles, the Board of Directors and its Executive Committee rely on the support of the Audit and Risk Supervision Committee, which, as a consultative body, monitors and reports upon the appropriateness of the system for internal control and management of significant risks, with the support of the Internal Audit Area and of the Risk Management and Internal Assurance Division of the Company (or with that of such divisions as assume the duties thereof at any time), which reports functionally to the committee, and in coordination with the audit and compliance committees existing at the country subholding companies.

All actions aimed at controlling and mitigating risks shall conform to the following basic principles:

- a) **Integrate** the risk/opportunity vision into the Company'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 risk-taking areas and areas responsible for the analysis, control and monitoring of such risks, ensuring an appropriate level of independence.
- 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's companies and the operation of the systems developed to monitor such risks, maintaining suitable channels that favour 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 of such system 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” towards improper conduct and acts that are illegal or contrary to law or the Governance and Sustainability System set forth in the *Compliance and Internal Reporting and Whistleblower Protection System Policy* and in the *Anti-Corruption and Anti-Fraud Policy* and the good practices and principles reflected in the *Corporate Tax Policy*.

## 5. Comprehensive Risk Control and Management System

The *Policy* and the basic principles underpinning it are implemented by means of a comprehensive risk control and management system, supported by the Company’s Risk Committee and based upon a proper definition and allocation of operational and supervisory duties and responsibilities 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, which review and dictate the risk appetite to be assumed each year in both qualitative and quantitative terms, in accordance with the objectives set out in the multi-year plan and the annual budget.
- b) The **ongoing identification of significant risks and threats**, taking into account their possible impact on key management objectives and the accounts (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’s companies as a whole.
- d) The **measurement and control of risks following homogeneous procedures and standards common to all of the Group’s companies**.
- 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 Area.

## **6. Risk Policies and Limits**

The *Policy* is further developed and supplemented by the following policies, which are also subject to approval by the Company's Board of Directors:

- 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.*
  - *Purchasing Policy.*
  - *Information Technology Policy.*
  - *Cybersecurity Risk Policy.*
  - *Reputational Risk Framework Policy.*
  - *Occupational Safety and Health Policy.*
- Specific risk policies for the various businesses of the Group's companies:
  - *Risk Policy for the Networks Businesses of the Iberdrola Group.*
  - *Risk Policy for the Electricity Production and Customers Businesses of the Iberdrola Group.*
  - *Risk Policy for the Real Estate Business.*

\* \* \*

This *Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 20 June 2023.

## CORPORATE RISK POLICIES

21 February 2023

### *Corporate Credit Risk Policy*

The *Corporate Credit Risk Policy* provides the framework for the monitoring and the management of credit risk from a global viewpoint covering the companies of the Group, credit risk being understood as all counterparty risks that, in the event of default by such counterparty, might cause certain companies of the Group to sustain an economic or financial loss.

The policy focuses on identified segments within the financial relationships of the Group's companies that create credit exposure and must be monitored.

Exposure to credit risk occurs in various ways, depending on the type of relationship with the counterparty, which takes the form of settlements, replacement costs and pending write-offs. In particular, the *Corporate Credit Risk Policy* establishes the identification and segmentation into homogeneous groups of the principal types of relations that give rise to credit exposure within the Group, the implementation of mechanisms to identify common counterparties, the application of corporate guidelines for acceptance of counterparties, as well as the establishment of risk limits in the aggregate and by counterparty, in accordance with credit quality standards.

Additionally, the risk policies for each business establish specific credit risk limits and guidelines in line with the characteristics thereof.

### *Corporate Market Risk Policy*

The *Corporate Market Risk Policy* provides a global framework for the monitoring and management of market risk within the boundary the Group, market risk being understood as any potential loss of margin or value due to adverse changes in price-determining factors.

In particular, the *Corporate Market Risk Policy* sets out differentiated guidelines for the management of the market risk associated with the various activities connected to the energy value chain:

- a) Energy management and sales activities associated with the core business for sale in the liberalised market (electricity production at the Company's own plants, including the supply of fuel and emission allowances, electricity and gas supply, forward, wholesale or retail sale of electricity and natural gas through the Company's own supply company,

dedicated generation or cogeneration plants with or without a power purchase agreement and related hedging transactions).

- b) Regulated energy management or sale activities.
- c) “Discretionary trading” of electricity, natural gas, emission allowances and other fuel and associated products, with respect to which a global “stop-loss” limit is established at the Group level.

Additionally, the risk policies for each business establish specific market risk limits and guidelines adjusted to the characteristics thereof and to the countries and territories in which the Group’s companies are present.

### *Operational Risk in Market Transactions Policy*

The *Operational Risk in Market Transactions Policy* establishes a global framework for the control and management of operational, regulatory and reputational risks that may arise in the day-to-day management of trading desks within the markets in which the companies of the Group operate.

It is based on the implementation of a sound internal control framework with the following key elements: (i) a strong risk culture; (ii) proper segregation of duties; (iii) formalisation of clear policies and processes; and (iv) secure and flexible reporting systems.

It also establishes a number of specific guidelines, grouped into categories, which will apply to the various activities performed by each of the affected trading desks.

### *Insurance Policy*

The *Insurance Policy* provides the framework for the monitoring and management, through insurance, of the Company’s global exposure to the impact of the operational risks associated with all the activities and businesses managed by the Company and the other companies making up the Group.

It includes the limits for the main insurance programmes, including:

- a) Damage to conventional assets.
- b) Damage to renewables.
- c) Civil liability.

- d) Environmental risks (EIL).
- e) Nuclear risk.
- f) Cyber risks.
- g) Liability of directors and members of the management team.

The policy states that the optimal scope and levels of risk retention should be based on the objective of optimising the total cost of the risk.

There is provision for the monitoring of the following, among others: (i) maximum annual loss, understood as “cost of premiums plus the maximum probable cost of the risk retained in insured events”, (ii) risk to be assumed by the captive reinsurance company belonging to the Group, (iii) the main limits of the indemnities; and (iv) main deductibles assumed.

### *Investment Policy*

The *Investment Policy* provides a common framework for the analysis and monitoring of new investment or divestment projects of the businesses carried out by the companies making up the Group and of the risks associated therewith.

In particular, the *Investment Policy* sets general limits in terms of profitability and risk for each project, as well as the manner in which it fits into the overall Group-level strategy, the impact on results, and the years for recovery of the investment.

The *Investment Policy* also provides for monitoring the expected annual volume of investments and governs the issuance of guarantees to third parties.

### *Financing and Financial Risk Policy*

The *Financing and Financial Risk Policy* establishes the framework for the monitoring and management of financial risks within the boundary of the Group.

It provides that a Group-level strategy must be developed for the financing and management of financial risks that allows for the acquisition of the funds necessary to meet investment and operational needs under optimum cost and risk conditions:

- a) ensuring liquidity.

- b) setting the appropriate levels of risk to be assumed in order to optimise the cost/risk ratio within established limits.
- c) transferring the level of risk associated with financial variables that the Company does not wish to assume to external entities specialising in the management of such risks.
- d) maintaining solvency indicators that enable the Group's companies to maintain their credit rating in accordance with pre-established objectives.
- e) complying with the requirements of local regulators and the tax provisions applicable in each country or territory.

The *Financing and Financial Risk Policy* sets out the basic principles and guidelines applicable to all activities in respect of financial risk, as well as specific limits for the control of certain identified financial risks, namely currency risk, interest rate risk, liquidity risk and solvency risk, among others.

In particular, and in relation to the performance of the function of managing financial risk, it is established that the Finance and Treasury Division (or the division assuming the duties thereof) will be responsible for coordinating and controlling the financial operations of the companies of the Group.

### *Treasury Share Policy*

The *Treasury Share Policy* provides the framework for the control and management of transactions in shares issued by the Company or financial instruments and contracts of any kind with shares of the Company as the underlying asset, by the Company or by any of the companies of its Group, and the risk associated therewith, with the expectation that said transactions shall be conducted in compliance with applicable regulations and with the resolutions adopted in this regard at a General Shareholders' Meeting, and that they shall always pursue lawful aims, such as:

- a) providing investors with sufficient liquidity and depth in the trading of the Company's shares.
- b) stabilising the share price after a public offer for the sale or subscription of shares through the loan of own shares by the Company and the granting of an option to the underwriters to purchase or subscribe shares.
- c) implementing programmes for the purchase of treasury shares approved by the Board of Directors or by the shareholders at a General Shareholders' Meeting and, in particular, making available to the Company the shares required to comply with the share delivery



commitments previously assumed thereby under issuances of securities or corporate transactions, as well as compensation schemes or loyalty plans for shareholders (e.g., payment of dividends in kind), directors, officers or the other professionals of the Group's companies.

- d) honouring other previously-assumed lawful commitments.
- e) any other purpose allowed under applicable legal provisions.

The *Treasury Share Policy* also sets out a number of guidelines and limits to appropriately mitigate and limit treasury share risk.

### *Risk Policy for Equity Interests in Listed Companies*

The *Risk Policy for Equity Interests in Listed Companies* provides the framework for the monitoring and management of risks affecting the various holdings in listed companies in the form of shares and derivatives:

- a) in companies within the scope of consolidation (subsidiaries and affiliated companies).
- b) in financial investments (financial assets at fair value through profit or loss and available-for-sale financial assets).

### *Purchasing Policy*

The *Purchasing Policy* provides the overall framework for the control and management of the risks deriving from the purchase of materials and equipment and from contracting for works and services within the framework of the Group, with special emphasis being laid on adherence to ethical commitments at the Group level and of the suppliers of the companies making up the Group.

The policy rests on the following basic principles:

- f) promoting a strong risk culture and the development of a corporate culture based on ethics and honesty across the entire organisation, capable of supporting the professional and ethically responsible behaviour of the entire workforce, through strict application of the *Code of Ethics*.

- g) establishing, in a coordinated fashion, the standards and controls associated with purchasing activities for the benefit of the companies making up the Group, ensuring full adherence to the corporate organisation deriving from the Governance and Sustainability System.
- h) implementing the mechanisms required for purchasing decisions to in any event ensure the achievement of balance among technical competence, quality and price as well as the rating and quality of the supplier as a key condition for the contribution of value.
- i) establishing supplier selection procedures that conform to standards of objectiveness, impartiality and equal opportunity, ensuring at all times the professionalism of their workforce as well as loyalty to the Group's companies and their shareholders regardless of their own or third-party interests.
- j) promoting strict compliance by suppliers with contractual terms and conditions and with applicable law, placing special attention on respect for the environment and on the principles contained in the *Policy on Respect for Human Rights*, favourably assessing compliance with the provisions in the area of reconciliation and gender equality in the *Equality, Diversity and Inclusion Policy*, and requiring acceptance of the principles of conduct set out in the *Code of Ethics* specifically applicable to the suppliers of the Group's companies.
- k) furthering a supplier relationship policy based on the principles of corporate ethics and transparency, striving for continuous improvement and mutual benefit and promoting innovation and development activities.
- l) fostering the motivation and active participation of professionals, as well as the training required for the performance of their tasks and the continuous education thereof.
- m) promote sustained, inclusive and sustainable economic growth, productive employment and decent work for all professionals forming part of the value chain of the Group's companies, in line with the provisions of goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

The *Purchasing Policy* establishes guidelines and limits regarding levels at which authority may be delegated and purchasing procedures within the Group's companies in accordance with the aforementioned principles, as well as regarding the organisation principles that must be observed to ensure full adherence to the corporate organisation deriving from the Governance and Sustainability System.

### *Information Technology Policy*

The *Information Technology Policy* establishes an overall framework for the governance and management of the processes and actions relating to information technology (IT) within the companies of the Group. It 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.

The *Information Technology Policy* also defines an integrated management framework that allows for a global technological focus and is intended to ensure the appropriate management of information technology and of the risks associated therewith, promoting the creation of value through an effective and innovative use of information technology and the satisfaction of internal and external users with the level of commitment and services provided, maintaining a balance between the generation of profits, the optimisation of risk levels and an efficient use of resources, based on standards of proportionality.

The policy also contains the guidelines of an information technology governance model that is common to the Group's companies, based on the creation of a Global IT Governance Committee, which will supervise compliance of information technology within the Group's companies, including the significant aspects of the audits and evaluations of compliance therewith and related action plans.

### *Cybersecurity Risk Policy*

The *Cybersecurity Risk Policy* establishes a global framework for the control and management of the cybersecurity risks applicable to all the companies of the Group. In particular, it refers to the risks arising from threats and vulnerabilities affecting the control systems or information technology and communications systems of the Group's companies, as well as any other asset forming part of their cyber-infrastructure.

It also establishes the guidelines for a common cybersecurity management model for all of the Group's companies, coordinated by a Cybersecurity Committee and based on the development of global rules and procedures to be applied within all the businesses and corporate functions, thus encouraging a strong culture of cybersecurity.

The *Cybersecurity Risk Policy* rests upon the following basic principles:

- n) raising awareness among all professionals, third-party suppliers, and partners regarding cybersecurity risks and ensuring that they have the knowledge, skills, experience and abilities needed to support the cybersecurity goals established within the boundary of the Group.
- o) ensuring that the cyber assets of the Group's companies have an appropriate level of cybersecurity and cyber-resilience and applying the most advanced standards to those that support the operation of critical cyber-infrastructure.
- p) fostering the existence of appropriate cybersecurity and cyber-resilience mechanisms for the systems and operations managed by third parties that provide services to the Group's companies.
- q) strengthening capacities for prevention, detection, reaction, analysis, recovery, response, investigation and coordination against terrorist activities and criminality in cyberspace.
- r) providing procedures and tools that permit rapid adaptation to changing conditions in the technological environment and to new cyberspace threats.
- s) collaborating with government bodies and agencies in order to contribute to the improvement of cybersecurity in the international sphere.
- t) promoting the cybersecurity principles established in the *Corporate Security Policy*.
- u) protecting information regarding the critical cyber-infrastructure and cybersecurity systems of the Group's companies.

- v) implementing efficiency-based cybersecurity measures that contribute to the functionality of the systems and the continuity of key services.
- w) acting in accordance with applicable law, the *Code of Ethics* and the Company's other internal rules.

The *Cybersecurity Risk Policy* sets out the commitment of the Group's companies to clearly and transparently report on their risks and incidents in the area of cybersecurity, in accordance with the provisions of law. The Company must inform the market through the National Securities Market Commission on the terms required by law regarding non-public cybersecurity risks and incidents directly or indirectly relating to the Company or any other company of the Group and that, if made public, may have a material impact on the price of the Company's shares or of any other security that the Compliance Unit defines as an affected security or related derivative instruments and that may constitute inside information, as these terms are defined in the *Internal Regulations for Conduct in the Securities Markets*.

Until said information is public, those persons who are aware of the existence of the risk or incident in question shall be deemed insiders, within the meaning of the provisions of the *Internal Regulations for Conduct in the Securities Markets*, may not engage in transactions regarding affected securities and will be subject to the duty of confidentiality, among other restrictions contemplated in said regulations.

### ***Reputational Risk Framework Policy***

The object of the *Reputational Risk Framework Policy* is to establish a benchmark framework for the monitoring and management of reputational risk to be implemented by all of the divisions of the companies making up the Group on a coordinated basis with the ESG Division (or such division as assumes the duties thereof).

The management of corporate reputation seeks two complementary objectives: to bring out opportunities that trigger favourable behaviour towards the Company and the other companies of the Group, and to minimise and mitigate the reputational risk in the activities they perform.

There is a direct relationship between this policy and the *Stakeholder Engagement Policy*, the purpose of which include identifying the Company's Stakeholders, engaging them and strengthening relations of trust with them.

The *Reputational Risk Framework Policy* establishes various recommendations, including crisis management, and lists indicators for monitoring, like RepTrak, as well as standards for measuring the reputation of the Company and its subsidiaries.



## *Occupational Safety and Health Policy*

### **1. Purpose**

The Company's Board of Directors, recognising the importance of occupational safety and health risks, undertakes to carry out the actions required to provide safe and healthy conditions for the prevention of work-related injuries and health impairments that are suited to the purpose, size and context of each organisation and to the specific nature of the risks for employees of both the Company and the other companies within the Group, as well as in their spheres of influence, thereby contributing to the achievement of goals three and eight of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

### **2. Main Principles of Conduct**

To achieve this goal, the companies of the Group adhere to and promote the following main principles, among others, that must inform all of their activities:

- a) Quality, productivity and the profitability of their activities are as important as the safety and physical, mental and emotional health of the people participating in the value chain, including their psychological and social well-being, all of which are permanent and fundamental Group-level objectives.
- b) The safety of such people must always prevail. The prevention of work-related injuries and health impairments can be achieved by allocating resources and training to this end.
- c) The integration of occupational safety and health in all business processes is a basic principle of effectiveness and efficiency and of collective responsibility.
- d) The understanding of health as a state of complete physical, mental and emotional well-being, promoting actions that create environments and living conditions that nurture and allow people to adopt and maintain healthy habits.

### **3. Occupational safety and health commitments**

The purpose and basic principles regarding occupational safety and health at the Group level translate into the following commitments assumed by senior management and promoted at all organisational levels:

- a) Meeting or exceeding legal and other requirements in the area of occupational risk prevention.

- b) The elimination of threats and reduction of risks to occupational safety and health.
- c) The integration of occupational safety and health standards in all decisions, business processes and work methods, such that the members of the management team, managers, technicians and employees take full ownership of their responsibilities.
- d) The continuous improvement of the occupational safety and health management systems.
- e) The consultation and participation of all employees on workplace safety and health.

#### **4. Instruments for the adoption and promotion of occupational safety and health commitments**

Group-level occupational safety and health commitments are encouraged through:

- a) An organisational structure with clearly defined responsibilities, which is decentralised and based on the principle of subsidiarity.
- b) *Occupational Safety and Health Policy*
- c) The acquisition and maintenance of occupational safety and health certifications in line with the strictest international standards.
- d) The efficient provision of appropriate technical, financial and human resources.
- e) The periodic preparation of specific strategic plans that determine strategic priorities and key matters relating to prevention.
- f) The establishment of specific, indicative, stimulating and verifiable objectives regarding occupational safety and health.
- g) The exchange of best practices in the area of occupational safety and health among all of the organisations of the Group.
- h) Ongoing preparation, training and information for officers, intermediate managers and employees in order to promote safe behaviour and raise awareness of the impact of their work on the safety of persons, processes and facilities.



- i) Effective coordination and collaboration with suppliers and providers in order for occupational safety and health to be present in all services and work performed at the facilities of the Group's companies.
- j) The establishment of links of cooperation with the various competent government agencies in occupational safety and health matters in order to become a positive benchmark in this area wherever the Group's companies engage in their activities.

Participation in international initiatives, ratings and indices relating to safety and health.

All of the foregoing such that the various levels of the organisation are aware of the importance of occupational safety and health in the planning and subsequent implementation of all activities, and that all employees contribute with their daily work to the achievement of the goals set in this field.

## **SPECIFIC RISK POLICIES FOR THE VARIOUS GROUP BUSINESSES**

21 February 2023

### ***Risk Policy for the Networks Businesses of the Iberdrola Group***

The *Risk Policy for the Networks Businesses of the Iberdrola Group* provides the framework for the monitoring and management of risks associated with the networks businesses of each country in which the Group has a presence within applicable regulations and the general guidelines set out in the *General Risk Control and Management Policy*.

The policy applies to all regulated electricity and gas distribution and transmission/transport activities carried out by the Group's companies in:

#### ***Spain***

Regulated networks activities:

- a) Distribution of electricity, including the planning, development and operation and maintenance of networks.
- b) Billing and collection of usage charges for direct-to-market customers and retailers.
- c) Reading of the meters of consumers connected to their networks.
- d) Cut-off and reconnection of customers on behalf of retail companies or on their own behalf for direct customers.

#### ***United Kingdom***

Regulated networks activities:

- a) Planning, development and operation and maintenance of electricity distribution and transmission networks.

#### ***United States of America***

Regulated networks activities:

- a) Electricity transmission and distribution.
- b) Gas distribution and storage.

- c) Retail sale of electricity and natural gas at regulated rates.

### ***Brazil***

Regulated activities of:

- a) Regulated distribution of electricity, including the planning, construction, operation and maintenance of networks.
- b) Supply of electricity for sale at regulated rates, including contracting, measurement, billing, customer service, collection, cut-offs and re-connections for regulated customers.
- c) Planning, construction, operation and maintenance of electricity transmission facilities, including lines and substations.

Significant risks include those associated with the remuneration mechanisms and the incentives and penalties established by each of the regulatory frameworks applicable to each of the distributors in relation to: investments, operational costs, quality and continuity of supply, customer service, technical and commercial losses and, if the applicable regulation establishes an obligation to supply energy at a regulated rate, energy supply and customer arrears.

### ***Risk Policy for the Electricity Production and Customers Businesses of the Iberdrola Group***

The *Risk Policy for the Electricity Production and Customers Businesses of the Iberdrola Group* provides the framework for the monitoring and management of risks associated with the electricity production and retail businesses of the Group's companies within applicable regulations and the general guidelines set out in the *General Risk Control and Management Policy* in the various countries and territories in which they operate, defining the activities affected thereby and establishing appropriate management guidelines in accordance with the structure of each market:

- a) Production of renewable, nuclear, cogeneration and conventional thermal energy.
- b) Wholesaling of energy (electricity, natural gas and liquid natural gas) and other energy products (green-certified and similar).
- c) Supply of fuel (for combined cycle and nuclear).
- d) Retail sale of electricity, gas and energy services, including long-term sales of electricity through power purchase agreements ("PPAs").

- e) Management of integrated position, based on the particular nature of each country and territory, using energy derivatives.
- f) Investments in new generation plants, as well as investments to acquire customers or investments dedicated to supplying customers with electricity.
- g) Production and supply of hydrogen.
- h) Implementation of industrial heating and cooling projects and facilities.
- i) Operation and maintenance of facilities.

Main production and sale activities by country:

- ***Spain***: production and sale of renewable and nuclear energy and gas at combined cycle and cogeneration plants. Retail sale of electricity and natural gas.
- ***Mexico***: production and sale of renewable energy and gas at combined cycle and cogeneration plants.
- ***United Kingdom***: production and sale of renewable energy and retail sale of electricity and natural gas.
- ***Brazil***: production and sale of renewable energy and gas at combined cycle plants.
- ***United States of America***: production and sale of renewable energy.
- ***Other countries***: production and sale of renewable energy in Australia, Portugal, Germany, France and other European countries. Retail sale of electricity and natural gas in Portugal, Italy and France.

Main risks managed:

- Market risk, mitigated by energy sales at regulated rates to long-term fixed price customers (including long-term PPAs) and by hedges, as well as the risks associated with hydro, solar and wind resources and the availability of facilities.
- Credit risks associated with non-payment for electricity by customers and wholesale energy counterparties.
- Operational risks associated with the management of production plants and serving the millions of customers of the Group's companies.
- The regulatory risks under which businesses operate, associated with the various energy sources used to produce electricity in each country and territory.

### *Risk Policy for the Real Estate Business*

The *Risk Policy for the Real Estate Business* establishes the framework for the monitoring and management of risks affecting the business carried out by “Iberdrola Inmobiliaria, S.A.” (Sociedad Unipersonal) in order to mitigate and reduce the risks associated with the fulfilment of its objectives within the general guidelines set out in the *General Risk Control and Management Policy*.

Particularly contemplated are the risks associated with activities of land management, real estate development and the lease of assets of “Iberdrola Inmobiliaria, S.A.” (Sociedad Unipersonal) in Spain and in other countries and territories.

## Governance & Sustainability System Chapter V – Part 3

# Corporate Governance

### Governance Rules of the Corporate Decision-Making Bodies and of Other Internal Functions and Committees

Chapter V of the Governance & Sustainability System contains the corporate governance policies and rules relating to the Company's (and its Group's) main decision-making bodies, and the corporate administration, management, and development of its business generally. It is divided into three Parts.

Part 3 of this chapter contains the principal regulations of the main executive and non-executive or administrative bodies and committees of the Company and its Group, as follows.

The *Basic Internal Audit Regulations* (dated 20 June 2023) was formally adopted by the Company on 21 September 2023.

The *Terms of Reference of the Scottish Power Energy Networks Holdings Limited Board of Directors* were approved by the Company on 21 September 2023.

The *Terms of Reference of the Scottish Power Energy Networks Holdings Limited Audit & Compliance Committee* were approved by the Company on 21 September 2023.

The *Regulations of the Compliance Unit of Scottish Power Energy Networks Holdings Limited* were approved by the Company on 21 September 2023.

References in these documents to Iberdrola, its Group, etc. shall be accordingly construed *mutatis mutandis*.

## BASIC INTERNAL AUDIT REGULATIONS

These *Basic Internal Audit Regulations* (the “**Basic Regulations**”) govern the nature, organisation, competencies, powers and duties of the Internal Audit Area of IBERDROLA, S.A. (the “**Internal Audit Area**” and the “**Company**”, respectively) and of the Internal Audit divisions of the various companies of the group of which the Company is the controlling entity, within the meaning established by law (the “**Internal Audit Divisions**” and the “**Group**”, respectively).

These *Basic Regulations* have been approved by the Company’s Board of Directors upon the terms proposed by the chairman thereof pursuant to the proposal of the Audit and Risk Supervision Committee (the “**ARSC**”), all in accordance with the provisions of the *Regulations of the Audit and Risk Supervision Committee*, and are included within the Company’s Governance and Sustainability System.

### TITLE I.- NATURE AND REGULATION

#### Article 1.- Nature of the Internal Audit Area and of the Internal Audit Divisions

The Internal Audit Area is an internal unit of the Company that hierarchically reports to the chairman of the Company’s Board of Directors and functionally reports to the ARSC. Its basic activity consists of independently and proactively endeavouring to ensure the effectiveness of the governance, risk management and internal control processes within the boundary of the Group.

For their part, the Internal Audit Divisions shall perform duties equivalent to those of the Internal Audit Area at least at those country subholding and head of business companies of the Group that have audit and compliance committees (the “**ACCs**”).

#### Article 2.- Regulation

##### 1. Internal regulations

The Internal Audit Area and the Internal Audit Divisions are governed by the provisions of these *Basic Regulations* and, if applicable, by the applicable provisions of the bylaws or regulations of the companies of the Group of which they are a part.

Internal Audit Divisions belonging to listed companies that have their own internal regulations in this area shall be governed by such regulations.

In addition, the Internal Audit Divisions shall conform their activities to the framework of relations of coordination and information among the Internal Audit Area and the Internal Audit Divisions prepared by the head of the Internal Audit Divisions upon the terms of article 5 below.

## **2. External regulations**

Without prejudice to the provisions of the Governance and Sustainability System, these Basic Regulations and the other internal rules of the Company, the Internal Audit Area and the Internal Audit Divisions, as well as the professionals assigned thereto, shall conform their activities to the International Standards for the Professional Practice of Internal Auditing approved by the Institute of Internal Auditors (IIA), which contains, among other things: (i) the definition of internal auditing; (ii) the International Standards for the Professional Practice of Internal Auditing in effect from time to time; and (iii) the *Code of Ethics*.

## **TITLE II. ORGANISATION OF THE INTERNAL AUDIT AREA AND OF THE INTERNAL AUDIT DIVISIONS**

### **Article 3.- Internal Audit Divisions**

All of the companies of the Group within which ACCs are created shall have an Internal Audit Division, without prejudice to any specific provisions applicable thereto by reason of their status as listed companies, nationality, law or any other circumstances.

Furthermore, those companies that do not have an ACC may also create their own Internal Audit Division.

### **Article 4.- Director of the Internal Audit Area and Heads of the Internal Audit Divisions**

**1.** The director of the Internal Audit Area and the heads of the Internal Audit Divisions should have the knowledge, skills and experience appropriate to the duties they are asked to



perform, especially with respect to internal audit, risk management, internal control and governance.

**2.** Pursuant to the provisions of the Governance and Sustainability System, the Company's Board of Directors is responsible for the appointment and removal of the director of the Internal Audit Area, upon a proposal of the ARSC and after a report of the Appointments Committee.

For its part, the board of directors of the company in question is responsible for the appointment and removal of the head of an Internal Audit Division, upon a proposal or prior report (as provided by the internal regulations of the company in question) of the respective ACC (if any).

The appointment of the heads of the Internal Audit Divisions of: (i) country subholding companies with an ACC; or (ii) head of business companies with an ACC, but subordinate to a country subholding company that does not have an ACC, in order to prepare the proposal or report of the respective ACC, the chair thereof shall first consult with the director of the Internal Audit Area.

In order to appoint the heads of the Internal Audit Divisions of head of business companies with an ACC that are subordinate to country subholding companies that also have an ACC, the chair of the ACC of the head of business company shall have such prior consultations with the head of the Internal Audit Division of its respective country subholding company, who in turn shall consult on this issue with the director of the Internal Audit Area.

In order to appoint the head of the Internal Audit Division of a company without an ACC, the chair of the board of directors of this company shall first consult with the chairman of the Company's Board of Directors.

**3.** The director of the Internal Audit Area shall be deemed a member of the senior management of the Company, and shall report hierarchically to the chairman of the Board of Directors thereof. The heads of the Internal Audit Divisions shall belong to the management team of their corresponding companies, and shall report hierarchically to the chair of the board of directors thereof.

4. The ARSC is the body that evaluates the operation of the Internal Audit Area and the performance of the director thereof pursuant to the provisions of the *Regulations of the Audit and Risk Supervision Committee*, for which purpose it shall obtain any opinion that might be held by the chairman of the Board of Directors of the Company.

In a similar vein, these duties correspond to the respective ACC, if any, or if none to the board of directors, with respect to the head of an Audit Division.

5. The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall manage the operation and the budget, respectively, of the Internal Audit Area and of the corresponding Internal Audit Divisions, under the principles of independence and efficiency in management, and shall be responsible for implementing the relevant measures and action plans and endeavouring to ensure the proper performance of the duties thereof.

#### **Article 5.- Framework for Relations of Coordination and Information between the Internal Audit Area and the Internal Audit Divisions**

1. The director of the Internal Audit Area shall establish an appropriate framework for relations of coordination and information between the Internal Audit Area and the Internal Audit Divisions and shall develop the strategy, guidelines and overall supervision of the Internal Audit function at the Group level.

2. Specifically, the director of the Internal Audit Area shall:

- a. Define the strategic lines and scale of the internal audit function at the Group level.
- b. Participate in determining the processes for determining and evaluating the objectives of the heads of the Internal Audit Divisions (of companies that are not listed companies or subsidiaries thereof) and for setting the remuneration thereof, as well as in determining the profiles and development and career plans of its team.
- c. Supervise and coordinate the annual activities plans of the Internal Audit Divisions, which must be coordinated with the activities plan of the Internal Audit Area, and to which it shall transmit the guidelines and directives of the Board of Directors and of the ARSC of the Company.

- d. Supervise the annual activity reports of the Internal Audit Divisions.
  - e. Establish directives regarding quality requirements and the promotion of global certifications, and promote periodic evaluations of the Internal Audit Divisions.
3. The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall hold regular coordination and information meetings. Such meetings may also be attended by those internal auditors that the director of the Internal Audit Area deems appropriate for the proper performance of the function.

### **TITLE III. POWERS OF THE INTERNAL AUDIT AREA AND OF THE INTERNAL AUDIT DIVISIONS**

#### **Article 6.- Scope**

The Internal Audit Area and the Internal Audit Divisions shall independently and objectively provide assurance and consulting services to add value and improve the operations of the Company and of the other companies of the Group, providing a systematic and disciplined focus in order to evaluate and improve the efficiency of the risk management, control and governance processes at the Group level.

The nature and scope of any consulting work performed by the Internal Audit Area and the Internal Audit Divisions shall be previously agreed with the relevant division of the Group company. In no case may the Internal Audit Area or Internal Audit Divisions assume management responsibilities or participate in making executive decisions.

#### **Article 7.- Powers relating to the Audit and Risk Supervision Committee or the Audit and Compliance Committees, as applicable**

1. The Internal Audit Area shall assist the ARSC (and the Internal Audit Divisions shall assist their corresponding ACCs) in developing the powers of said committee, especially as regards supervision of the effectiveness of the internal control and risk management system, relations with the statutory auditor, and supervision of the process of preparing the financial and non-financial information of the company in question.

2. The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall be in charge of preparing the information requested of them by the relevant ARSC and ACC, respectively. They shall also attend the corresponding meetings of the ARSC and the ACC to which they are called when dealing with issues within their respective domains (including meetings held to formulate or approve annual or interim financial information and annual non-financial information).

In particular, the director of the Internal Audit Area and the heads of the Internal Audit Divisions shall provide to the ARSC or the ACC, as appropriate, and within their respective areas of competence, the information required for them to (without limitation): (i) supervise the effectiveness of the internal risk control and management systems; (ii) reach a conclusion as to whether the accounting policies have been properly applied; and (iii) know the significant adjustments identified by the Internal Audit Area or the Internal Audit Division, as applicable, in the review of the financial and non-financial information.

3. The Internal Audit Area shall be the regular body for communication between the ARSC and the rest of the Company's organisation, without prejudice to provisions of the *Regulations of the Audit and Risk Supervision Committee* and the *General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its group* regarding the duties entrusted to other areas, particularly the Office of the Secretary of the Board of Directors and other Divisions (like the Risk and Internal Assurance Division).

#### Article 8.- Powers to Supervise the Effectiveness of the Internal Control System

1. The Internal Audit Area and the Internal Audit Divisions shall objectively and independently supervise the effectiveness of the internal control system established at the Group level, which is made up of a set of risk management and control mechanisms and systems. By way of example and not limitation, and within the scope of their respective domains, they shall be particularly responsible for supervising:

- i. **The effective operation** of the comprehensive risk control and management system established at the Group level, as described in the *General Risk Control and*

*Management Policy*, and the adaptation thereof to ensure compliance with the risk policies.

- ii. **The effective operation** of the Internal Control over Financial Reporting (ICFR) System established by the Company for preparing and presenting the financial information of the companies of the Group, including information that the Company must regularly publish due to its status as a listed company.
  - iii. **The effective application** of the rules, procedures and substantive activities that make up the compliance systems of the Group's companies, which aim to prevent, manage and mitigate the risk of legal and ethical violations, as well as crime prevention programmes.
  - iv. **The effective operation** of the overall framework for the control and management of cybersecurity risks within the boundary of the Group, as well as the framework for the governance and management of the processes and actions relating to information technology (IT) within the boundary of the Group.
  - v. **The effective operation** of the mechanisms established at the Group level for implementing the environmental and social policies.
  - vi. **Verification** that the investment and divestment processes comply with applicable risk policies and guidelines and that the procedures pursuant to which they are performed ensure proper internal control and effective management of the related risks.
  - vii. **The effective operation** of the Internal Control over Non-Financial Reporting (ICNFR) System established by the Company for preparing and presenting the non-financial information of the companies of the Group.
2. The Internal Audit Area and the Internal Audit Divisions shall also engage in any other actions needed to perform their duty of ensuring the effective operation of the internal control system established at the Group level.

3. The Internal Audit Area and the Internal Audit Divisions shall also have such other powers of a singular or permanent nature as are assigned thereto by the board of directors of the relevant company or that are vested therein by the Governance and Sustainability System.

4. In performing the above duties, as well as in preparing the annual activities plans provided for in article 10 of these *Basic Regulations*, they must take into account the powers of assurance of other areas of the Company and of the other companies of the Group in order for the responsibilities of the Internal Audit Area and the Internal Audit Divisions to be clearly defined and in order for there to be proper mechanisms of coordination with other assurance functions.

Along these lines, the powers of the Internal Audit Area and of the Internal Audit Divisions set out in this article shall not include the duties assigned to the Risk and Assurance Division in relation to the management and supervision of risks at the Group level, and particularly the development and implementation of the risk policies.

5. Furthermore, the Internal Audit Area and the Internal Audit Divisions, as applicable, must be informed of the provision of any assurance services to the companies of the Group by outside service providers. When appropriate, the Internal Audit Area and the Internal Audit Divisions shall coordinate such services when related to their respective domains.

#### **TITLE IV. RESOURCES, BUDGET AND ANNUAL ACTIVITIES PLAN**

##### **Article 9.- Material and Human Resources**

Both the Internal Audit Area and the Internal Audit Divisions shall have access to the human, financial and technological resources necessary to perform their duties.

##### **Article 10.- Annual Activities Plan and Budget**

1. The director of the Internal Audit Area shall prepare a proposed annual activities plan of the Internal Audit Area and shall submit it for the approval of the ARSC. Such proposal:

- i. shall contain the budget of the Internal Audit Area for engaging in its activities during the next financial year;

- ii. shall take into account the principal financial and non-financial risk areas of the businesses (including reputational risks);
  - iii. shall clearly identify and define the responsibilities of each business for proper coordination with any other assurance functions, like the risk management and control, financial and non-financial information control, compliance and external audit units.
  - iv. shall establish the audit objectives and the work to be performed, as well as the resources necessary for the implementation thereof, both human (internal and external) and financial and technological; and
  - v. shall take into account any suggestions that the Board of Directors, the ARSC and the members of senior management have communicated thereto.
- 2.** Once approved by the ARSC, the budget for the Internal Audit Area shall be sent to the chairman of the Company's Board of Directors, who shall present it to the Board of Directors for review.
- 3.** The heads of the Internal Audit Divisions shall present to the relevant ACC the proposed annual activities plan and budget for the performance of their activities during the next financial year, for approval thereof and submission to the chair of the board of directors of the relevant company, who shall submit it to such board of directors for review in the case of the annual activities plan and for approval with respect to the budget.
- If an Internal Audit Division belongs to a company of the Group that does not have an ACC, the board of directors of such company shall be in charge of approving the activities plan and budget proposed by such Internal Audit Division.
- 4.** The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall periodically review their respective annual activity plans in order to evaluate the adequacy thereof to cover the risks identified and, if applicable, propose to the ARSC or to the relevant ACC for approval the changes they deem appropriate.

If an Internal Audit Division belongs to a company of the Group that does not have an ACC, the board of directors of such company shall be in charge of approving said changes to the annual activities plan.

5. Compliance with the annual activities plan shall be one of the objectives of the director of the Internal Audit Area and of the heads of the Internal Audit Divisions.

#### **Article 11.- Activities Report and Recommendations**

1. The director of the Internal Audit Area shall regularly report to the ARSC (and the heads of the Internal Audit Divisions shall report to their corresponding ACCs) on the implementation of the budget and the annual work plan, including any impacts and limitations on scope arising during the development thereof, as well as the results and the conformance to the recommendations of the Internal Audit Area (or Internal Audit Divisions, as applicable). At the end of each financial year, a report on the activities thereof shall also be submitted thereto, which report must contain at least a summary of the activities performed and reports issued during the financial year, explaining what work provided for in the annual plan has not been carried or performed without being provided for in the initial plan, as well as an inventory of weaknesses, recommendations and action plans.

2. In particular, the director of the Internal Audit Area shall regularly report to the ARSC (and the heads of the Internal Audit Divisions shall report to their corresponding ACCs) the recommendations resulting from the audit work thereof and on the status thereof, if applicable.

3. The director of the Internal Audit Area shall also regularly report to the ARSC on whether the members of senior management of the Company take into account the conclusions and recommendations contained in its reports.

### **TITLE V. POWERS AND DUTIES**

#### **Article 12.- Powers**

1. The Internal Audit Area, through its director, shall have access to the documentation, information or information systems it deems necessary or appropriate for the exercise of its



powers, without prejudice to observing the law and the internal rules of the Company and of the other companies of the Group.

2. In the exercise of its powers, the Internal Audit Area may obtain assistance from any member of the management team or professional of the Company, as well as from other specialised areas both within and outside of the Company.
3. The director of Internal Audit Area shall generally have the powers necessary to carry out the duties he or she is called upon to perform.
4. The director of the Internal Audit Area shall act transparently, informing the affected parties of the purpose and scope of its activities whenever practicable
5. The foregoing shall similarly apply to the heads of the Internal Audit Divisions.

### **Article 13.- Duties**

The members of the Internal Audit Area and of the Internal Audit Divisions must:

1. act with independence of judgement and action with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence.
2. refrain from disclosing any information, data, reports or background information to which they may have access while in office, nor use any of the foregoing for their own benefit or that of third parties, without prejudice to any applicable duties of transparency and reporting. This duty of confidentiality shall survive even after the members no longer hold such position.

## TITLE VI. COMPLIANCE, INTERPRETATION AND AMENDMENT

### Article 14.- Compliance

1. The members of the Internal Audit Area and of the Internal Audit Divisions have the obligation to know and comply with these *Basic Regulations*, for which purpose they shall be permanently published on the Company's corporate website and shall form part of the management tools of the Internal Audit Area. The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall also inform all of their members of any change in these *Basic Regulations*.

The professionals of companies of the Group have the obligation to know these *Basic Regulations* to the extent they are affected hereby and to comply with the provisions applicable thereto, for which reason the director of the Internal Audit Area and the heads of the Internal Audit Divisions shall ensure the proper dissemination hereof.

2. The director of the Internal Audit Area and the heads of the Internal Audit Divisions shall have the duty to ensure compliance with these *Basic Regulations*.

### Article 15.- Interpretation

1. Any questions or disputes regarding the interpretation of the *Basic Regulations* shall be resolved by the director of the Internal Audit Area, who shall take into consideration the provisions of the Governance and Sustainability System, and if none apply, to the International Standards for the Professional Practice of Internal Auditing approved by the Institute of Internal Auditors (IIA). In the event of questions or conflicts, the director shall request the opinion of the ARSC.

2. The director of the Internal Audit Area shall inform the following of the standards of interpretation that have been adopted: (i) the heads of the Internal Audit Divisions; and (ii) the secretary of the ARSC, who in turn shall communicate them to the secretary of the Company's Board of Directors.

#### **Article 16.- Amendment of the *Basic Regulations***

Any amendment to these *Basic Regulations* must be approved by Company's Board of Directors, which amendment shall be submitted thereto by its chairman, at the proposal of the ARSC.

Without prejudice to the foregoing, the Board of Directors may make amendments to these *Basic Regulations* without a prior proposal from the ARSC within the context of reforms to the Governance and Sustainability System that make advisable or require technical non-substantive amendments to the *Basic Regulations*.

**Terms of Reference of the  
Scottish Power Energy Networks Holdings Limited Board of Directors**  
Dated 21 September 2023

**1 Purpose**

- 1.1 The principal responsibility of the board of directors (the “**Board of Directors**”) of Scottish Power Energy Networks Holdings Limited (the “**Company**”, a director thereof being a “**Director**”) is to facilitate the effective management of the businesses comprising the electricity transmission and distribution regulated activities within the ScottishPower Group and of the Iberdrola Group in Great Britain (“**SP Energy Networks Business**”) in accordance with the strategy set by the Scottish Power Limited Board of Directors.
- 1.2 These Terms of Reference of the Board of Directors of the Company contain the guidelines that are to govern all actions taken by the Board of Directors of the Company, the basic rules for the organisation and operation thereof and the rules of conduct to be observed by its Directors, in order to achieve the greatest degree of transparency, effectiveness, dynamism, supervision and control in the performance of its management and duties and representation of the interests of the “**ScottishPower Group**” (being, for the purposes of these Terms of Reference, Scottish Power Limited and its subsidiaries), in accordance with the *Purpose and Values of the Iberdrola Group*, adopted by the Company from time to time as part of the Company’s Governance and Sustainability System, and all applicable legislation, including, in particular, the applicable provisions regarding the separation of regulated activities.
- 1.3 These Terms of Reference further develop and supplement the legal provisions applicable to the Board of Directors of the Company and form part of the Company’s Governance and Sustainability System. The Company’s Governance and Sustainability System is the set of documents made up of the Company’s Articles of Association and the internal corporate governance and compliance rules approved or adopted by the appropriate management bodies of the Company from time to time, all of which are configured in accordance with applicable laws and the legal requirements and restrictions regarding the separation of regulated activities and rules regarding the protection of corporate autonomy and with the aim to best fulfil the corporate purpose, corporate interest, and social dividend, as defined in the Governance and Sustainability System of Iberdrola, S.A., and consequently the Company’s own

Governance and Sustainability System, as a way of providing direct, indirect or consequential added value to Stakeholders through the Iberdrola Group's activities, while also helping to fulfil the Sustainable Development Goals adopted by the United Nations (the “SDGs”).

- 1.4 These Terms of Reference have been prepared and approved taking into account the good governance recommendations generally recognised in international markets.
- 1.5 The guidelines for action and the rules for organisation and operation of the management decision-making bodies within the subsidiary companies within the group whose controlling entity, within the meaning established by law, is the Company (hereinafter, the “**Group**”) shall be governed by these Terms of Reference.
- 1.6 The principles set forth in these Terms of Reference, without prejudice to any adjustments that may be required based on the circumstances of each company, shall, in all cases, abide by the guarantees required by the Company's Governance and Sustainability System and the principles of coordination and information that must govern the relations among the management decision-making bodies of the various subsidiary companies of the ScottishPower Group in order for them to fully comply with their respective duties, all so far as in accordance with all applicable legislation, including, in particular, the applicable provisions regarding the separation of regulated activities.

## **2 Scope**

- 2.1 These Terms of Reference apply to the Board of Directors, the representative decision-making bodies thereof (whether collective or single-person) and its internal committees (if any).
- 2.2 The persons and bodies to whom these Terms of Reference apply shall have the duty to be informed of them, to comply with them and to enforce them, for which purpose the secretary of the Company shall provide the Board of Directors with a copy that is to be acknowledged by means of a signed receipt, and that is to be published to the Directors' website and the Company's corporate website.
- 2.3 The Directors shall comply with and enforce the provisions of the Company's Governance and Sustainability System and shall confirm such commitment in writing

upon accepting their appointment or re-election in such manner as is determined by the secretary of the Company.

### **3 Approval, Amendment and Priority**

- 3.1 These Terms of Reference of the Board of Directors established from time to time further develop and supplement the law and the provisions set out in the current Articles of Association of the Company.
- 3.2 In the event of a conflict between these Terms of Reference, the law and Articles of Association, the law and Articles of Association shall prevail.
- 3.3 These Terms of Reference shall be interpreted in accordance with the Company's Governance and Sustainability System.
- 3.4 These Terms of Reference, and any amendment to them, must be approved by resolution of the Board of Directors.

### **4 General Principles**

- 4.1 Pursuant to the Board of Directors' powers to establish rules to regulate itself and make provision for the management of its internal activities and its disposal of matters, each member of the Board of Directors, including the Chief Executive Officer, shall, in accordance with their fiduciary duties (including in particular, but not limited to their duty under section 172 of the Companies Act 2006) independently carry out their functions and competencies with due regard to the corporate interest and common purpose, in accordance with the Iberdrola Group's (as defined below) *Purpose and Values of the Iberdrola Group* and *Code of Ethics*, adopted by the Company from time to time as part of the Company's Governance and Sustainability System, and all applicable legislation, including, in particular, the applicable provisions regarding the separation of regulated activities.
- 4.2 These Terms of Reference also express the Company's commitment to the purpose (to continue building, together each day, a healthier, more accessible energy model, based on electricity) and the values (sustainable energy, integrating force and driving force) of the *Purpose and Values of the Iberdrola Group* and the *Code of Ethics* as adopted by the Company from time to time, which shall form the basis of the Company's

corporate ideology and ethical principles, and guide its corporate purpose and strategy and performance. The Board of Directors will take note of the fact that the Company shares (in so far as adopted by the Company and given its place within the Iberdrola Group – the multinational group of companies which controlling entity is the listed holding company “Iberdrola, S.A.”, hereinafter, the **“Iberdrola Group”**– the corporate interest of the Iberdrola Group, which is aimed at creating sustainable value for all Iberdrola Group shareholders, taking into consideration and engaging all Stakeholders related to the Iberdrola Group’s business and making them participants in the social dividend generated by its activities, and contributing to the achievement of the SDGs, and its compliance with best environmental, social, and corporate governance (ESG) practices, and thereby defining the Company as a key institutional player in the economic and social environment in which it operates, all so far as in accordance with all applicable legislation, including, in particular, the applicable provisions regarding the separation of regulated activities.

## **5 Corporate Interest**

The Company, as the head of business company of the SP Energy Networks Business, shares with the Iberdrola Group the concept that it is the duty of each Director to act in the way he/she considers, in good faith, would be most likely to be in the corporate interest of the Company, understood as that most likely to promote the success of the Company for the benefit of all shareholders of the Company (including, specifically, individual Stakeholders (if any)), taking into account other Stakeholders related to its business (including, in relation to the Company and in particular, having regard to the matters set out under section 172 of the Companies Act 2006), all so far as in accordance with all applicable legislation, including, in particular, the applicable provisions regarding the separation of regulated activities.

## **6 Social Dividend**

- 6.1 The performance of the activities included within the Company’s corporate objectives, particularly the Company’s innovation and digital transformation strategy, must be focused on the sustainable creation of value, in accordance with the *Purpose and Values of the Iberdrola Group* and the commitments made in the *Code of Ethics*.
- 6.2 The Company, as the head of business company of the SP Energy Networks Business, contributes to the Iberdrola Group’s social dividend. In n this respect, the Company

may collaborate with entities related to the Iberdrola Group in order to promote and carry out activities developed in relation to the sustainable development policies of its business, all so far as in accordance with all applicable legislation, including, in particular, the applicable provisions regarding the separation of regulated activities.

- 6.3 The Company's performance in social, environmental and sustainability areas, as well as the social dividend generated and shared with its Stakeholders, make up the Company's non-financial information, and the Company shall in accordance with any Stakeholder engagement policy as may be adopted by the Company (and in coordination with Iberdrola, S.A.) promote the public dissemination of its non-financial information and the corporate dividend generated, especially among its Stakeholders.

## **7 Applicable Legal Provisions, Governance and Sustainability System and Compliance System**

- 7.1 The Company is governed by its constitutional documents and all applicable laws, rules and regulations, as well as its Governance and Sustainability System described in article 1.3, which is approved by the Board of Directors.
- 7.2 The Company's Governance and Sustainability System adopts those corporate policies and other governance and compliance rules that have been approved by the board of directors of Iberdrola, S.A. pursuant to its status as the Iberdrola Group's ultimate holding company, and thus ensuring proper coordination and consistency with Iberdrola, S.A.'s Governance and Sustainability System.
- 7.3 Accordingly, the Governance and Sustainability System is founded upon the principles of the *Purpose and Values of the Iberdrola Group*, which define the ideological foundation of the Company's business, which, due to its size and importance, is a focal point of interaction for a large number of Stakeholders and the environmental, social and economic framework under which the Group does business.
- 7.4 The Board of Directors is responsible for the development, application and interpretation of the rules making up the Governance and Sustainability System (along with any rules approved by the sole parent(s) of the Company), including in relation to ensuring compliance at all times with the purposes of the Governance and Sustainability System and the fulfilment of the corporate interest of the Company.



- 7.5 Full or summarised versions of the rules making up the Governance and Sustainability System shall be made available on the Company's corporate website (in so far as not confidential or internal in nature).
- 7.6 The Company has a well-developed Compliance System, comprised of a structured set of rules, formal procedures and activities that are intended to ensure that the Company acts in accordance with ethical principles, the law and internal rules, particularly the Governance and Sustainability System, to contribute to the full realisation of the *Purpose and Values of the Iberdrola Group* and the corporate interest, and to prevent, manage and mitigate the risk of regulatory and ethical breaches that may be committed by the directors, professionals, or suppliers thereof within the organisation.
- 7.7 The Compliance Unit is an official, permanent internal body configured in accordance with the highest standards of autonomy, independence and transparency and linked to the Audit and Compliance Committee of the Board of Directors, which is responsible for proactively, autonomously and independently endeavouring to ensure the implementation, effectiveness and management of the Compliance System of the Company, configured in accordance with the provisions of its Governance and Sustainability System, for which purpose it is vested with the broadest powers, budgetary autonomy and independence of action, all without prejudice to the responsibilities of other bodies and divisions of the Company.

## **8 Powers of the Board of Directors**

The provisions of this Article 8 are all so far as in accordance with all applicable legislation, including, in particular, the applicable provisions regarding the separation of regulated activities:

- 8.1 The principal responsibility of the Board of Directors (subject to their fiduciary duties) is the effective management and day to day operation of the SP Energy Networks Business in accordance with the Group's strategy, in the carrying out of which the Board of Directors shall take into account the ScottishPower Group strategy where the Board of Directors believe this is in the interests of the Group.
- 8.2 The effective management and operation of the Company will be administered by the Board of Directors.

- 8.3 In addition, without prejudice to the power of the shareholder(s) of the Company (in such capacity) to take shareholder type decisions in relation to the Company, the Board of Directors or any Committee of the Board of Directors duly authorised in this regard (subject to their fiduciary duties) is specifically empowered to dispense with the following matters (among others):
- (a) Coordinate with Scottish Power Limited, as the Iberdrola Group's sub-holding company in the United Kingdom, with regard to the establishment of the ScottishPower Group's management guidelines and strategic objectives in the United Kingdom;
  - (b) Subject always to legal requirements and restrictions regarding the separation of regulated/licenced activities, the Company shall remit to Scottish Power Limited relevant information and proposals regarding its annual objectives, results and required budget, in order to facilitate the performance of the parent company's own functions in the monitoring and strategic coordination of the ScottishPower Group in the United Kingdom;
  - (c) Approve objectives (short or long-term as the case may be) and performance programmes and indicators of the Company (and such of its officers) as may be determined from time to time;
  - (d) Prepare proposals for the distribution of dividends in accordance with any policy relating to dividends as adopted by the Company and in accordance with the Articles of Association of the Company;
  - (e) Promote and supervise the strategy relating to the Company's engagement with its respective Stakeholders, in accordance with the policy and model established in this respect at the Iberdrola Group level, and approving in particular the signing of any collaboration agreement(s) (or accession agreement thereto) with Scottish Power Limited and the ScottishPower Foundation for the promotion and execution of activities relating to sustainable development policies within its own scope of activities;
  - (f) Oversee compliance by the Company and its direct or indirect subsidiaries with the personal data protection regulations in accordance with any policies in this regard within the Governance and Sustainability System of the

Company, in respect of which the Data Protection Officer shall periodically (and in any case annually) as deemed necessary provide a report to the Board of Directors;

- (g) Approve the annual consolidated budget of the Company and its direct and indirect subsidiaries;
- (h) Approve, following a report from the Audit and Compliance Committee, the financial information relating to the Company and its direct and indirect subsidiaries, which shall have also been reviewed by the auditor of the Company, if appropriate;
- (i) Consider the recommendations or other output of business groups or committees charged with the development of the Company's business which may promote or maximise the value of the SP Energy Networks Business as a whole;
- (j) Subject to the legal requirements and restrictions regarding the separation of regulated/licensed activities, supervise contracts for the provision of intragroup services, and oversee and coordinate (as appropriate) any relevant support provided to the governance bodies established within the ScottishPower or Iberdrola Group as applicable to the Company or its Group, and review and approve each year the standards that must be met (to protect the corporate interest) for transactions carried out between the Company and its subsidiaries and all other companies within the ScottishPower or Iberdrola Group; oversee the implementation and development of Stakeholder engagement by the SP Energy Networks Business;
- (k) In accordance with Article 11 of these Terms of Reference, approve, delegate or propose to the sole member of the Company for approval, as the case may be, the transactions that the Company undertakes with its sole member, with its subsidiaries or with any related party all under the terms established by law and in accordance with the Company's Governance and Sustainability System and all without prejudice, where applicable, to the relevant powers of the Board of Directors or the board of directors of Iberdrola, S.A. or of Scottish Power Limited;

- (l) Oversee the effective separation (to the extent required by law) of the SP Energy Networks Business's activities in relation to companies of the Iberdrola Group which perform liberalised activities, as well as oversee the compliance by employees, managers and directors with the independence criteria stated by law and other applicable regulations, including (without limitation) the *ScottishPower Business Separation Policy*;
- (m) Oversee the implementation and development of Stakeholder engagement by the SP Energy Networks Business;
- (n) Support and promote the presence of the Company and its direct or indirect subsidiaries on social networks, and promote the development of the Iberdrola Group's communication and innovation strategy and digital transformation;
- (o) Establish the structure and accessibility of the Company's corporate website, through which the *Purpose and Values of the Iberdrola Group* as well as the *Code of Ethics* shall be disseminated, which shall identify the Company's activities, its relationship with the Iberdrola Group, and its position on matters of corporate governance, sustainability and the environment, and which shall facilitate the Company's engagement with its Stakeholders and the public; while also ensuring an appropriate level of coordination among the Company's corporate website and those of Scottish Power Limited;
- (p) Authorise proposals for the appointment and removal of directors of direct subsidiaries of the Company, and note proposals for the appointment or removal of directors of indirect subsidiaries of the Company, in accordance with any Iberdrola Group policy adopted by the Company as it relates to the appointment and removal of directors of the ScottishPower Group; and
- (q) Review and decide on possible conflicts of interest among or with the companies of the Company's Group.

8.4 Subject to the provisions of the Articles of Association of the Company, the Board of Directors shall also be responsible for dispensing with the following (non-delegable) matters:

- (a) Regulate its own organisation and operation.
- (b) Approve the Company's non-financial statement in accordance with applicable law and the Company's Governance and Sustainability System only where required as part of its shareholder consolidated non-financial information reporting processes.
- (c) Designate or classify officers of the Board of Directors or its committees as necessary, desirable or convenient.
- (d) Propose, within any defined scope or limitation, resolutions relating to the remuneration of Directors acting in their capacity as such, and set the remuneration of executive directors acting in the capacity as such (and other terms to be included in their contract(s)).
- (e) Approve the appointment and removal of members of the Company's senior management, being comprised of persons who report to the Board of Directors of one of its officers, whereby the Company's Head of Internal Audit or equivalent (if any) shall be deemed to be a senior manager.
- (f) Approve, authorise or take note of proposals for the appointment and removal of directors of subsidiaries of the Company in accordance with any Iberdrola Group policy adopted by the Company.
- (g) Decide on proposals submitted to it by the Chief Executive Officer of the Company, or by any committee of the Board of Directors, if any.
- (h) Implement resolutions of the Company's shareholder(s) as appropriate.
- (i) Further define the Company's decision-making structure to be approved by the Board of Directors itself or by any committee of it or by any other delegated management or decision-making body.
- (j) Supervise the effective operation of any committee established by the Board of Directors, and the conduct of any delegated decision-making bodies or officers or representatives appointed by it.

- (k) Make a decision on or else a proposal for shareholder approval on any matter attributable to the Board of Directors in relation to a Related Party Transaction or interest or conflict of interest of a Director in accordance with the Company's Articles of Association, its Governance and Sustainability System or under applicable law.

8.5 Unless otherwise provided for herein, the Board of Directors shall entrust the day-to-day management and administration of the Company to its Chief Executive Officer, other executive Directors (if any) and members of management appointed by the same, who shall (amongst other things): (i) promote and supervise the management of the Company, and particularly compliance with the guidelines and objectives established by the Board of Directors, and (ii) define or elaborate any other guidelines, policies and practices and make provision for any other delegations in the normal course of management and day-to-day administration.

## **9 Reserved Matters**

The Board of Directors shall further have reserved to it the following powers, all so far as in accordance with all applicable legislation, including, in particular, the applicable provisions regarding the separation of regulated activities:

### **Constitution**

9.1 The making of any proposal to the shareholder(s) of the Company in relation to the alteration to the Articles of Association of the Company.

### **Financial Management, Reporting, and Audit**

9.2 The making of any proposal to the shareholder(s) of the Company in relation to the appointment or termination of appointment of the Company's Auditors or its lead advisors.

9.3 Approval of the statutory accounts of the Company and, as required, the consolidated financial statements of the Company and the SP Energy Networks Business.

9.4 The declaration of any dividend payable to the immediate parent company.

## **Investments and Divestments**

- 9.5 The approval of investment/divestment proposals and investment/divestment plans for the SP Energy Networks Business exceeding €6 million, and in accordance with the ScottishPower Group's investment policy, parameters and criteria (having regard to the *Standard for the Supervision of Investments and Divestments in the Companies Belonging to the Iberdrola Group*).
- 9.6 The acquisition or sale of assets or properties, whether in the form of a business undertaking or shares in an incorporated company, by the Company or any of its subsidiaries where the value exceeds €6 million (or where the value is negative).

## **Procurement/Purchasing**

- 9.7 Approval of procurement/purchasing proposals for the SP Energy Networks Business exceeding €1 million, and in accordance with the ScottishPower Group's purchasing policy, parameters and criteria.

## **Operation & Maintenance (O&M)**

- 9.8 Approval, identification and implementation of O&M proposals and operational efficiency initiatives for the SP Energy Networks Business all in accordance with any policy adopted relating to the foregoing, and parameters and criteria.

## **Contracts and Other Commitments**

- 9.9 Approval of any contracts, obligations, items of operational expenditure or items of capital expenditure for the SP Energy Networks Business exceeding €6 million.

## **Other Operational Matters**

- 9.10 All other decisions related to the effective management of the SP Energy Networks Business in accordance with the ScottishPower Group's business policies, parameters and criteria.

## **10 Director and Secretary Duties and Obligations**

## **10.1 General Duties of Directors**

Without prejudice to the Company's Articles of Association and any provision of law including any legal requirements and restrictions regarding the separation of regulated activities, including the Companies Act 2006, Directors must discharge and observe the duties of their office and those prescribed by law and the Company's Governance and Sustainability System with the diligence of a prudent business executive and must discharge the duties of their office in accordance with their fiduciary duties towards the Company, and, in particular, each Director shall undertake to:

- (a) Properly prepare for meetings of the Board of Directors and, if applicable, the meetings of the committees of which the Director is a member, for which purpose the Director shall diligently obtain all relevant information regarding the running of the Company and the matters to be discussed at such meetings.
- (b) Attend meetings of the Board of Directors and, if applicable, the meetings of the committees of which the Director is a member, and actively take part in deliberations so that their judgement effectively contributes to decision-making.
- (c) Perform any specific task entrusted to them by the Board of Directors, provided that such task reasonably falls within the scope of the Director's area of specialisation.
- (d) Give notice to the Board of Directors of any irregularities in the management of the Company of which the Director becomes aware, subject always to any applicable provision of law or the Company's Governance and Sustainability System in relation to such irregularity.
- (e) Propose that an extraordinary meeting of the Board of Directors be called or further items be added to the agenda of a meeting of the Board of Directors so that such matters as the Director deems appropriate may be discussed.
- (f) Oppose resolutions that are contrary to the law, to the Company's Governance and Sustainability System or to the Company's corporate interests (and demand that their dissent be noted in the minutes of meetings



of the Board of Directors), and, subject to their power, authority and discretion seek the invalidation of any such resolution.

## **10.2 Duty not to Compete**

A Director may not be a director or executive of, nor provide services to, another company having a corporate purpose wholly or partly similar to that of the Company or operating as a competitor of the Company. The foregoing shall not apply to functions and offices held: (i) at Iberdrola Group companies; (ii) at companies where the Director acts as a representative of the Iberdrola Group's interests; (iii) at companies in which a member of the Iberdrola Group holds a minority interest and the Director does not act as a representative of the Iberdrola Group's interests (unless the Board of Directors takes the view that such role or services is or could be a risk to the corporate interests of the Iberdrola Group); and (iv) in other circumstances in which, in accordance with the Company's Articles of Association and any provision of law, the sole member of the Company or the Board of Directors releases him from the above restriction following a review and consideration of any risk and/or damage to the corporate interest that might arise from doing so.

## **10.3 Use of the Company's Assets**

Without prejudice to their director duties at law, a Director may not use the Company's assets nor exploit their position at the Company to obtain any economic advantage unless they have provided adequate consideration, on an arm's length basis, in respect of such and for standard services (although, as an exception, a Director may be released from the obligation to provide adequate consideration by the Board of Directors or the sole member of the Company (as appropriate), but in that event the economic advantage shall be treated as remuneration in kind).

## **10.4 Return of Information**

Immediately prior to removal from office as Director of the Company, Directors shall return (and/or, at the request of the Company, delete their own personal copies of) all the corporate documentation and information they may have had access to in the exercise of their position, including information stored by any means or on any device,

whether corporate or personal, and must expressly confirm, at the request of the Company, that they have done so.

## **10.5 Conflict of Interest**

Without prejudice to the Company's Articles of Association and any provision of law:

### **(a) Communication**

When a Director becomes aware of being involved in a conflict of interest, the Director must report it in writing to the Board of Directors through the secretary of the Company as soon as possible.

This communication must contain a description of the situation that has given rise to the conflict of interest, indicating whether it is a direct one or an indirect one through a related person, in which case the latter party must be identified.

The description of the situation must specify, as appropriate, the purpose and the main terms and conditions of the transaction or circumstance, including details of the financial amounts involved or an approximate estimate.

### **(b) Abstention**

Any doubt as to whether or not a Director could be in a conflict of interest situation must be reported to the secretary of the Company. In such a case, the Director shall take all reasonable steps to avoid the continuation of such conflict until the situation is resolved in accordance with the Company's Articles of Association or any applicable provision of law.

The secretary of the Company shall remind the Directors at all meetings of the Board of Directors, and any committees of it, which the secretary attends of the reporting and abstention rules set forth in this Article of these Terms of Reference and in the Company's Articles of Association before proceeding with the agenda of the meeting.

### **(c) Transparency**

Whenever so required by law, the Company must report on any conflict of interest situations that Directors may find themselves in during the financial year in accordance with all applicable company reporting regulations.

## **10.6 Business Opportunities**

- (a) Subject always to any applicable provision of law including any legal requirements and restrictions regarding the separation of regulated activities, a Director may not, for their own or any related party's benefit, exploit any of the Company's business opportunities, unless such investment or transaction was previously offered to the Company and the Company declined to exploit it and was not influenced to do so by the Director, and the Director's exploitation of the transaction is authorised by the Board of Directors or the sole member of the Company.
- (b) For the purposes of the foregoing paragraph, a "business opportunity" means any possible business transaction that arises or is discovered in connection with the Director's performance of their office or by the use of the Company's resources and information or under such circumstances where it is reasonable to conclude that the third party's offer was in fact to the Company and not to the Director.
- (c) A Director shall abstain from using the Company's name or relying on their status as a Director of the Company for the purpose of entering into transactions on their own or any related party's behalf.

## **10.7 Disclosure**

A Director shall, via the secretary of the Company, disclose to the Company:

- (a) Any ownership or shareholding interest that they may have in any company having the same, a similar or a complementary type of business to that constituting the corporate purpose of the Company, any position or function they may perform at such company, and their pursuit, on their own or another's behalf, of any manner of activity that is complementary to that constituting the corporate purpose of the Company. These disclosures shall

be set out in the notes to the financial statements in accordance with statutory and financial reporting requirements.

- (b) All positions that the Director holds in, and services the Director provides to, other companies or entities, with the exception of those within the Iberdrola Group, as well as all other professional duties they may have. In particular, the Director shall inform the Board of Directors prior to accepting any directorship or managerial office at another company or entity (except for the positions the Director is called upon to hold at companies belonging to the Iberdrola Group or at other companies in which they represent the interests of the Iberdrola Group).
- (c) Any material change in their professional situation that might affect the nature or status under which they were appointed a Director.
- (d) Any judicial, administrative or other proceedings instituted against them which, by reason of their nature or significance, might seriously affect the Company's reputation (including, but not limited to, a situation where a Director becomes subject to an order for criminal prosecution or a formal investigation). In such circumstances and subject always to the Company's Articles of Association and any applicable provision of law, the Board of Directors shall review the case as soon as practicable and shall adopt any measures it deems fit taking into account the interests of the Company (including, for example, the sanctioning of an internal investigation, requesting resignation, or proposing removal).
- (e) In general, any other relevant circumstance or situation that may adversely impact their performance as a Director.

## **10.8 Duties of Secretaries**

The secretary of the Company, and, if such office is in existence, any deputy secretary of the Company, shall be bound by the relevant obligations upon such an officer of the Company as set out under the Companies Act 2006.

## **11 Related Party Transactions**

- 11.1** Related party transactions shall be deemed to be any transaction involving a transfer of resources, services or obligations between the Company or its subsidiaries or Associated Companies (within the meaning given thereto by section 256 of the Companies Act 2006) with related parties (within the meaning given thereto by the international accounting standards as defined in section 474 of the Companies Act 2006), whether or not any consideration is involved, but excluding those transactions which, in accordance with any provision of law (including the Disclosure Guidance and Transparency Rules and the Companies Act 2006), the Articles of Association of the Company and these Terms of Reference or in accordance with Article 11.2 below, do not constitute related party transactions (“**Related Party Transactions**”).
- 11.2** Related Party Transactions shall not include: (i) operations or transactions between the Company and its direct or indirect wholly-owned subsidiaries, or between these subsidiaries; (ii) operations or transactions between the Company and its subsidiaries (or companies in which a member of the Iberdrola Group holds a minority interest) where no other party linked to the Company has interests in such subsidiaries (or such minority interest companies); (iii) the signing by the Company and any executive director or member of senior management of a contract governing the terms and conditions of the executive duties they are going to perform, including the determination of the remuneration to be paid for said duties (which must be approved pursuant to the provisions of the Articles of Association of the Company); nor (iv) transactions offered on the same conditions to all shareholders of the Company in which their equal treatment and the interests of the Company are assured.
- 11.3** Related Party Transactions must necessarily be approved by the sole member of the Company when they involve a transaction with a value exceeding ten percent of the Company’s assets (or such other material value as determined by the sole shareholder of the Company). Where this threshold is not met, Related Party Transactions shall be submitted for approval to the Board of Directors. In both cases, a previous report from the Company’s Audit and Compliance Committee shall be required.
- 11.4** The Board of Directors, through the Company’s Audit and Compliance Committee, shall ensure that Related Party Transactions are fair and reasonable from the Company's standpoint.
- 11.5** Without prejudice to the foregoing of this Article 11, the Board of Directors may delegate the approval of transactions of the Company with other Iberdrola Group

companies, or ScottishPower Group companies which are not excluded pursuant to Article 11.2 above, when these transactions are conducted in the ordinary course of business, including those resulting from the performance of a contract or framework agreement, and which are concluded on arms' length terms. The approval of Related Party Transactions referred to in this paragraph does not require a prior report from the Company's Audit and Compliance Committee, but the Board of Directors must establish an internal information control procedure with respect to them, which shall include oversight by the Company's Audit and Compliance Committee and which shall confirm the fairness and transparency of such transactions and, where appropriate, compliance with the criteria that allow for delegation.

- 11.6** The conducting of a Related Party Transaction places the Director who carries it out, or who is related to the person that carries it out, in a conflict of interest situation, thus the provisions of Article 10.5 of these Terms of Reference apply.
- 11.7** All Directors within the first quarter of each year (and in advance of the issue of the statutory auditor's report in respect of the Company's audited accounts) shall provide a report addressed to the Company of those Related Party Transactions that they have carried out, or persons tied to the Company who are related to them have carried out, during the previous year. Without prejudice to the foregoing, the Directors must immediately report in writing any Related Party Transaction in which they are involved or anyone related to them is involved that require approval by the Board of Directors under law or in accordance with the provisions of the Company's Articles of Association or these Terms of Reference. The reporting of Related Party Transactions must contain the following information: (i) purpose and nature of the transaction; (ii) date on which it began; (iii) main terms and conditions, including the value or amount of the consideration and the terms and conditions of payment; (iv) identity of the people involved in the transaction and relationship, where applicable, with the Director; and (v) other aspects, such as price policies and guarantees, that enables it to be assessed, including, particularly, information that makes it possible to verify that it is a fair and reasonable transaction from the Company's standpoint.
- 11.8** The secretary of the Company or such appropriate other person shall cause to be recorded the Related Party Transactions concerning Directors.
- 11.9** On an annual basis, the Board of Directors shall report to the sole member of the Company on any and all Related Party Transactions, such as they may exist.

# **Terms of Reference of the Scottish Power Energy Networks Holdings Limited Audit and Compliance Committee**

**Approved by the Scottish Power Energy Networks Holdings Limited Board on  
21 September 2023**

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## **CHAPTER I.- NATURE, PURPOSE AND APPROVAL OF THE TERMS OF REFERENCE**

### **Article 1.- Nature and Purpose**

1. In accordance with the provisions of the Articles of Association of Scottish Power Energy Networks Holdings Limited (the “**Company**”), the board of directors of the Company (the “**Board of Directors**”, a director thereof being a “**Director**”) has established the Energy Networks Audit and Compliance Committee (the “**Committee**”), a permanent internal body, having an advisory and consultative role, without executive functions, with powers of information, assessment and presentation of proposals to the Board of Directors within its scope of action, which shall be governed by the Memorandum and Articles of Association of the Company and these Terms of Reference of the Committee (the “**Terms of Reference**”).
2. These Terms of Reference are based on the independence of the Committee and aim to develop its functions by establishing the principles of action and the internal operational regime of the Committee within the regulated business within the ScottishPower Group (being, for the purposes of these Terms of Reference, the group whose controlling entity, within the meaning established by law, is Scottish Power Limited) (“**SP Energy Networks Business**”), provided that this does not undermine the separation of activities and the protection of commercially sensitive information in accordance with the legal provisions regarding the separation of regulated activities.
3. Taking into consideration the fact that the indirect sole shareholder of the Company is the sub-holding company Scottish Power Limited, which in turn is indirectly wholly owned by Iberdrola, S.A. (“**Iberdrola**”), the listed holding company and controlling entity of the Iberdrola group, to which the Company belongs (the “**Iberdrola Group**”), these Terms of Reference also aim to establish, as the Company is a head of business company of the Iberdrola Group and the ScottishPower Group, the framework of relationships and information exchange that is to exist between the Committee, the unit or department responsible for internal audit and compliance within the Company, the corresponding committees and divisions or units of Iberdrola, i.e. the Iberdrola Audit and Risk Supervision Committee (the “**Iberdrola Audit and Risk Supervision Committee**”) and the corresponding committees and divisions or units of Scottish Power Limited and, as the case may be, of the subsidiaries of the Company, with the purpose of, without compromising its independence, enabling the proper exercise of its functions in accordance with the applicable law and provisions of the Company’s Governance and Sustainability System, and safekeeping in all cases of compliance with the regulations applicable to each company.

### **Article 2.- Approval, Amendment and Priority**

1. These Terms of Reference or any amendment of the same must be approved by way of a resolution of the Board of Directors of the Company, including upon the proposal of the chair of the Board of Directors or the Chair of the Committee.
2. These Terms of Reference further develop and supplement the provisions of the Articles of Association of the Company and the terms of reference of the Board of Directors applicable to

the Committee. In the event of any conflict, the provisions of the terms of reference of the Board of Directors shall prevail over these Terms of Reference, and in any case the Articles of Association of the Company shall prevail over the provisions of both.

## **CHAPTER II.- FUNCTIONS OF THE COMMITTEE**

### **Article 3.- Functions**

3. The Committee, as well as (in their relationships with the Committee) the unit or department responsible for the Company's internal audit (the "**Internal Audit Department**"), the unit or department responsible for the Company's compliance (the "**Compliance Unit**") and, when applicable, the unit or department responsible for risk management of the Company (the "**Risk Department**", and any reference to any director or head of the same shall be construed accordingly), shall exercise their functions with full autonomy, but without prejudice to the provisions of Article 4 below and the establishment of an adequate framework for collaborating with and exchanging information regarding the development of their functions with the Scottish Power Limited Audit and Compliance Committee (the "**SPL Committee**"), with the Scottish Power Limited Internal Audit Department and with the Scottish Power Limited Compliance Unit, provided that this does not undermine the separation of activities and the protection of commercially sensitive information in accordance with the legal provisions regarding the separation of regulated activities.
4. To further elaborate and develop the Committee's responsibilities under these Terms of Reference with regard to the Internal Audit Department, the head of the Internal Audit Department shall establish an appropriate framework of cooperation, coordination and information relationships with the internal audit departments that may exist in the direct or indirect subsidiaries of the Company, always according to the *Basic Internal Audit Regulations of the Iberdrola Group*, respecting the corporate autonomy of all the companies within the ScottishPower Group.

The Company's Business Compliance Officer and, when applicable, the director of the Risk Department shall establish an appropriate framework of cooperation, coordination and information with the compliance and risk units, divisions and departments that may be established in the subsidiaries of the Company, respecting the corporate autonomy of all the companies within the ScottishPower Group.

5. The coordination of the relationship between the Committee and the SPL Committee shall be managed by the chairs of both committees and shall have the purpose of enabling the SPL Committee to be aware of any issues with a potential relevant influence at the level of the ScottishPower Group as covered by the Committee. Likewise, the Committee's (indirect) relationship with the Iberdrola's Audit and Risk Supervision Committee shall be performed

according to the provisions of the *General Framework of Relations of Coordination and Information Among the Audit Committees of Iberdrola, S.A. and its Group* (“**General Framework**”).

6. The Committee shall have the following functions to the extent applicable to the SP Energy Networks Business:

a) **Internal Audit:**

- (i) To oversee the independence and efficiency of the Internal Audit Department, ensuring that such department has sufficient resources and that its members have suitable qualifications necessary to carry out its functions optimally, and ensuring that the *Basic Internal Auditing Regulations of the Iberdrola Group* as adopted by the Company (which ensures the required coordination and exchange of information for the proper compliance with the respective functions in accordance with the regulations applicable at any given time) are also complied with.
- (ii) To approve the guidelines and the annual plans established by the head of the Internal Audit Department, in accordance with the guidelines and general plans established by Iberdrola, as long as it does not undermine the separation of activities or the commercially sensitive information, in accordance with the regulation on separation of regulated activities, ensuring that the Internal Audit Department performs its functions proactively and in such a way that its activity is focused on the Company’s relevant risks and its subsidiaries.
- (iii) To the extent not disposed of or dealt with by the SPL Committee, to propose the budget of the Internal Audit Department, for its approval by the Board of Directors.
- (iv) To the extent not disposed of or dealt with by the SPL Committee, to propose to the Board of Directors the appointment or removal of the head of the Internal Audit Department. For the preparation of this proposal the Chair of the Committee shall liaise with the relevant person in the Internal Audit Department of Scottish Power Limited, reporting on this to the Committee.
- (v) To oversee the performance of the Internal Audit Department, including as directed by the Chair of the Committee and also as requested by the chair of the Board of Directors. The Internal Audit Department will prepare the information required for the meetings of the Committee, with its head attending as deemed appropriate, in accordance with the provisions of Article 14 of these Terms of Reference. The Internal Audit Department is, furthermore, required to inform the Committee of any material unforeseen incidents which may occur in the annual work plan, presenting any such incidents at the end of each year in an annual activity report. Such annual activity report will also be presented to the head of the Scottish Power Limited Internal Audit Department.

(vi) To receive regular information on, and supervise, the activities carried out by the Internal Audit Department, and the head of the Internal Audit Department shall keep the Committee updated and shall liaise as appropriate with the Internal Audit Department of Scottish Power Limited to ensure that all relevant guidelines and general plans are followed by the Company, to the extent that it does not undermine the separation of activities or the protection of commercially sensitive information, in accordance with the regulations on separation of regulated activities.

(vii) To the extent not disposed of or dealt with by the SPL Committee, to evaluate the performance of the Internal Audit Department and its head's performance.

The evaluation shall be constructive and shall include an assessment of the degree of compliance with the annual plan and any criteria established for the purpose of setting the variable components of the remuneration of the head of the Internal Audit Department.

The conclusions of the evaluation carried out by the Committee shall be submitted to the Board of Directors to be taken into consideration when determining the remuneration. The head of the Internal Audit Department shall also be informed of such conclusions.

(viii) To ensure that the managers of the relevant departments of the Company take into account the conclusions and recommendations in the reports of the Internal Audit Department. The head of the Internal Audit Department shall be the usual point of contact between the Committee and the rest of the Company except for risk or compliance matters or matters concerning compliance with statutory duties, good governance requirements and the prevention or correction of illegal or fraudulent conduct. The Committee may gather information and request the collaboration of any manager of the Company or of any of the Company's subsidiaries. Any such gathering of information and/or requests for collaboration shall also be notified to the chair of the Board of Directors and to the Chief Executive Officer, if there is one, but in any case without prejudice to the provisions of Article 14 below.

b) **Internal Monitoring and Risk Management Systems:**

(i) To be aware of and keep under review the Company's internal control system, internal risk monitoring and management systems and those of any of the Company's subsidiaries, ensuring that these are adequately adapted to the processes and general systems established within the Iberdrola Group.

(ii) To ensure, in accordance with the general monitoring and risk management policy established by Iberdrola, that the main risks of the Company and those of any of the Company's subsidiaries are identified, managed and adequately reported, identifying, on this basis, at least the different types of financial and non-financial

risks (including operational, technological, cybersecurity, data protection, legal, social, environmental, political, and reputational, risks, or risks relating to corruption) which the Company and its subsidiaries may face, including amongst financial risks: contingent liabilities and other off balance-sheet risks; the setting and reviewing of risks map and the level of risk that the Company deems acceptable; the measures necessary to mitigate the impact of any risks, should any of them materialise; and the information and internal monitoring systems which will be used to monitor and manage the aforementioned risks, including the contingent liabilities or off balance-sheet risks.

- (iii) To analyse, along with the auditors, the relevant weaknesses of the internal control system that may have been detected in the course of the audit of the Company, all without infringing the independence of any party. To this end, where appropriate, the Committee may submit recommendations or proposals to the Board of Directors and corresponding deadlines for their monitoring.
- (iv) To oversee the performance of and maintain appropriate relationships with the Compliance Unit and, when applicable, Risk Department. The Risk Department, when applicable, and the Compliance Unit shall be the normal bodies for communication with the Committee and any other part of the Company on specific matters of risk and compliance respectively, as the Committee is responsible for preparing the information required on these issues at Committee meetings, with the director of the Risk Department and the Company's Business Compliance Officer (on behalf of the Compliance Unit) attending them if the Committee so deems appropriate, but in any case without prejudice to the provisions of Article 14 below.
- (v) To promote, always within its responsibilities, a strategy in which risk is a key factor to be taken into account in all decisions and at all levels within the Company.
- (vi) To provide, at least every six months, a report regarding the internal control and risk management systems of the Company and its subsidiaries for the Board of Directors, which the Chair of the Committee will make available to the chair of the SPL Committee, in accordance with the General Framework in order to allow the SPL Committee to fulfill its duties relating to the internal control of the Iberdrola Group as well as its risk management systems.
- (vii) To inform the Board of Directors of the main litigation matters relating to the Company and its subsidiaries, in order to identify the direct or indirect risks and contingent liabilities arising from existing claims and procedures.
- (viii) To oversee the data protection and cybersecurity activities to be reported to the Committee, which are in turn reported to the Board of Directors.

c) **Risk Department:**

- (i) To directly oversee and review the activities of the Risk Department, which is functionally subordinate to the Committee, and ensure its effectiveness, that it has sufficient resources, and that its members have suitable professional qualifications to most efficiently carry out its duties.
- (ii) To approve the annual plan of the Risk Department, propose its budget for the approval of the Board of Directors, and receive regular reports on the activities carried out thereby.
- (iii) To evaluate the performance of the Risk Department as well as the performance of its Director. Such evaluation in which the Committee should participate shall be constructive and include an evaluation of the level of compliance with the annual plan and any criteria established for the purpose of setting the variable components of the remuneration of the Risk Director. The conclusions reached against such evaluation by the Committee shall be remitted to the Board of Directors to be taken into account in respect of determining said components of such remuneration and the Risk Director shall be informed of the same.

d) **Audited Accounts:**

- (ix) To propose to the Board of Directors the appointment, and terms of engagement, of the Company's auditors, in accordance with the policy as established by Iberdrola, acting for these purposes in the interest of the Company, and as adopted by the Company. The Chair of the Committee shall make such proposal available to the chair of the SPL Committee in accordance with the General Framework.

For the avoidance of doubt, the Company's auditors referred to in these Terms of Reference are the auditors which have been formally appointed in accordance with the relevant applicable law.

- (x) To review the contents of the auditors' reports before they are issued, in order to avoid qualifications in their preparation and assess the results of each audit, overseeing the reply of the management of the Company to their recommendations.
- (xi) To issue, and provide to the Board of Directors, on an annual basis and prior to the issuance of the Company's auditors' report, a report setting forth an opinion on the independence of the auditors (including whether or not their independence is compromised). This report shall take into account any additional services referred to in Article 3.4(d)(iv) below, considered individually and as a whole, and also taking into account the applicable requirements as to the independence of the auditors concerning the statutory audit. The Chair of the Committee shall make this report

available to the chair of the SPL Committee in accordance with the General Framework.

- (xii) To receive information about any kind of additional services other than the audit-services that the auditors may provide to the Company or to its subsidiaries. The Committee shall prepare a report for the Board of Directors and shall make it available for the chair of the SPL Committee for the purposes thereof.
- (xiii) To establish appropriate relationships with the auditors and to receive information on those issues related to the audit process which may put their independence, at risk for examination by the Committee, and regarding any other matters relating to the auditing of accounts, as well as to ensure that there are no grounds that would prohibit the auditors from acting.
- (xiv) In any event the Committee shall receive from the Company's auditors, on an annual basis, a written confirmation of their independence in respect of the Company or entities directly or indirectly related thereto, as well as itemised and detailed information regarding additional services of any kind provided to the Company and such entities by the said auditors or by persons or entities related thereto, pursuant to the legislation governing the audit of financial statements.
- (xv) To receive information regularly from the auditors on any issues which may be provided for in applicable legislation and/or the relevant audit practices in force from time to time, and establishing in such cases information channels between the Internal Audit Department and the Scottish Power Limited Internal Audit Department, and the Committee shall report to the Board of Directors accordingly.
- (xvi) To serve as a communication channel between the Board of Directors and the auditors, relaying to the Board of Directors regular information updates on the audit process and results received from the auditors.

e) **Financial Information:**

- (i) To oversee the preparation and presentation process and the clarity and accuracy of the financial information (including half year information) related to the Company and its subsidiaries, and the Committee shall receive for that purpose relevant information from the Company's subsidiaries (as required). The Committee shall ensure that the interim financial information such as may be submitted to the Board of Directors maintains the same accounting standards as the annual financial reports.
- (ii) To evaluate any proposal regarding any changes within the general accounting practices, policies and procedures of the Iberdrola Group as they relate to the Company and the ScottishPower Group and submit proposals or recommendations



to the Board of Directors, aiming to safeguard the integrity of its application. Such monitoring function of the Committee shall be carried out on an ongoing basis and subject to any specific request or direction of the Board of Directors.

- (iii) To prepare a report for the Board of Directors on the annual and interim financial statements. The Chair of the Committee will make these reports available to the chair of the SPL Committee in accordance with the General Framework in order to allow the SPL Committee to supervise the process of preparation and submission and ensuring the integrity of the financial information related to the Iberdrola Group in Great Britain.

The financial information for the consolidation shall be reported by the Committee prior to approval of the Board of Directors according to the provisions of the *Iberdrola Group Financial Information Preparation Policy*, as adopted by the Company.

- (iv) To gather information on significant adjustments to financial statements identified by the auditor or resulting from the reviews carried out by the Internal Audit Department and the management team's position on such adjustments.
- (v) To oversee compliance with the legal requirements and the correct application of the national, generally accepted accounting principles, and those international financial reporting standards which may be applicable in relation to the Annual Report and Accounts and the Director's Report of the Company.
- (vi) To inform the Board of Directors of the principles on which any transactions have been carried out between the Company and any of the other companies forming part of the Iberdrola Group, and any of the Company's subsidiaries.

f) **Non-Financial Information and Sustainable Development:**

- (i) To review the non-financial information of the Company and its subsidiaries based on available sources of information insofar as such non-financial information is required, and remit such information to the Board of Directors, where required.
- (ii) To supervise the Company's actions relating to the sustainable development activities of the Company and, particularly, whether its environmental and social practices conform to the global strategy and policies of the Iberdrola Group, and of the Company, and report on the same to the Board of Directors.

g) **Compliance Unit:**

- (i) On its own initiative or upon a proposal of the Compliance Unit, to propose to the Board of Directors the appointment of the members of the Compliance Unit, having regard to profiles that may be appropriate for the performance of the duties of the same and to the Company's activities.

- (ii) To review and validate the annual budget of the Compliance Unit, prior to its submission to the Board of Directors for final approval.
- (iii) To approve the annual activity plan for the Compliance Unit, and endeavour to ensure that the Compliance Unit has the necessary human and material resources available to it to perform its duties, while also ensuring its independence and effectiveness.
- (iv) To receive information from the Compliance Unit in connection with any significant matters relating to regulatory compliance and the prevention and correction of improper or illegal conduct or acts which are contrary to the Governance and Sustainability System or to the applicable law.
- (v) To receive information from the Compliance Unit concerning any significant matters relating to the effectiveness of the Company's Compliance System (as defined in the Terms of Reference of the Board of Directors of the Company). The Committee shall issue its opinion on the annual report of the Compliance Unit regarding the effectiveness of the Company's Compliance System (and its subsidiaries) and submit it to the Board of Directors.
- (vi) To have the Compliance Unit review the internal policies and procedures of the Company to prevent improper conduct and identify any policies or procedures that might be more effective at promoting the highest ethical standards.
- (vii) To report to the Board of Directors on any proposed amendments to the Regulations of the Compliance Unit.
- (viii) To, each year, issue an opinion on the Compliance Unit's compliance with its annual activities plan and its performance and submitting it to the Board of Directors.
- (ix) To review the status of the Company's compliance with laws, regulations and internal procedures and the scope and status of systems designed to promote the Company's compliance with laws, regulations and internal procedures, through review of reports from management, legal counsel and third parties as determined by the Committee.

**h) Irregular and Improper Financial Conduct:**

- (i) To have direct access, in accordance with the provisions of the Regulations of the Compliance Unit, to complaints or reports submitted through the Internal Reporting Channels, as defined and developed in the Regulations of the Compliance Unit of the Company, that might have a material impact on the financial statements or internal controls thereof, and, if it so deems necessary, to propose appropriate actions to mitigate or reduce the risk of future occurrences thereof. To this end, the Compliance Unit shall inform the Committee of the existence of the aforementioned

complaints or reports, and provide it with any documentation requested in connection to the processing of the same, as appropriate.

i) **Related Party Transactions**

- (i) To report on Related Party Transactions (as defined in the Terms of Reference of the Board of Directors of Scottish Power Energy Networks Holdings Limited) such as there may be, prior to their approval by the Company's sole shareholder or Board of Directors as appropriate, and subject to any applicable provisions in the Company's Articles of Association or the Terms of Reference of the Board of Directors.
- (ii) To reasonably ensure that Related Party Transactions are fair and reasonable to the Company.
- (iii) To verify, in accordance with any internal regular reporting or control procedure as may be established by the Board of Directors from time to time, where the approval of a Related Party Transaction is given without the basis of a prior report from the Committee, the fairness and transparency of that operation and, to the extent applicable, compliance with the applicable legal or regulatory criteria for disposal of such matter by delegation of the Board of Directors and without a prior report of the Committee.
- (iv) To prepare, within the first six months following the relevant financial year-end of the Company, a report on the Related Party Transactions of the Company with respect to which the Committee has issued a report in respect of that financial year.
- (v) To inform the sole shareholder of the Company of Related Party Transactions affecting a specific class of director.

j) **Special Purpose Vehicles and Tax Haven Companies:**

- (i) To inform the Board of Directors, prior to adoption of any decision on the creation or acquisition of holdings in special purpose vehicles as subsidiaries (direct or indirect) of the Company or in entities domiciled in countries or territories which are considered tax havens (including in the European Union's blacklist of non-cooperative jurisdictions for tax purposes), and of other transactions similar in nature that, because of their complexity, could undermine the transparency of the activity of the ScottishPower Group in Great Britain, and produce for the Board of Directors a report on any such proposals. The Chair of the Committee shall make this report available to the chair of the SPL Committee in accordance with the General Framework.
- (ii) To produce annually, for the Board of Directors, a report on the monitoring of special purpose vehicles as subsidiaries (direct or indirect) of the Company or in

entities domiciled in countries or territories which are considered tax havens and, when applicable, about their operational status. The Chair of the Committee shall make this available to the chair of the SPL Committee in accordance with the General Framework.

**(k) Business Separation of Activities Compliance:**

- (i) To consider, on an annual basis, the Business Separation Compliance Officer Report on Business Separation, submitted to the Committee to provide an update on compliance with the separation of activities focusing on the effectiveness of the practices, procedures, and systems adopted in accordance with applicable regulatory requirements of the Company and its subsidiaries.
- (ii) To overview any regulated activities business separation report of the Company and its subsidiaries.
- (iii) To inform the Board of Directors in advance of any changes to the business separation regulatory requirements applicable to the Company and its subsidiaries.

**(l) Tax Policy Compliance:**

- (i) To produce, for the Board of Directors, reporting on the level of compliance with the *Iberdrola Corporate Tax Policy* (as adopted by the Company) and the tax criteria used throughout the relevant financial year and after the submission of tax returns. The Chair of the Committee shall make this available to the chair of the SPL Committee in accordance with the General Framework.
- (ii) To endorse, for the acknowledgement and assurance of the Board of Directors, any specific tax strategy of the Company and the ScottishPower Group, which may require to be set from time to time in the UK.

7. The Committee shall similarly assume any other functions which, as the case may be, the Articles of Association of the Company or the Board of Directors attribute to it within the SP Energy Networks Business.

**Article 4.- Scope of Functions: Information to the Board of Directors**

8. The functions indicated in the above Article shall extend to the Company and any and all of the Company's subsidiaries within the SP Energy Networks Business.
9. At the first meeting of the Board of Directors subsequent to any meeting(s) of the Committee the Chair shall inform the Board of Directors of the resolutions and significant events which occurred at the meeting(s) of the Committee.

**Article 5.- Annual Report**

The Committee shall, within six months of the end of the year, submit to the Board of Directors for its approval an annual report of its activities, which shall include an evaluation of the adequacy of the Committee's Terms of Reference and an evaluation of the Committee's performance during the previous year. This annual report shall subsequently be made available to the chair of the SPL Committee for the purposes of its compliance activities in accordance with the General Framework, all of it fully respecting the principle of separation of activities and the protection of commercially sensitive information, according to the regulations on separation of regulated activities.

### **CHAPTER III.- FORMATION, APPOINTMENT AND CESSATION OF MEMBERS**

#### **Article 6.- Composition**

10. The Committee shall be formed of at least three (3) Directors, from among which at least two (2) of them shall be external Directors (as defined in the Company's Articles of Association), provided that the external Directors shall not be outnumbered by the other Directors.
11. The Committee shall have a chair (the "**Chair**") and a secretary, with the secretary responsible for the record keeping, preservation and safekeeping of the minute books of the Committee and of the corporate documentation produced in relation to its functioning.
12. In the event of absence of the Chair at a meeting of the Committee, the role of the Chair shall be taken up by the member with the greatest seniority by length of service in office at the meeting for the purposes of that meeting only, and in the case of equal seniority by length of service in office, by mutual agreement of the members present as to which of the persons with equal seniority should take up the role.

In the event of absence of the secretary at a meeting of the Committee, the members of the Committee present shall nominate one of them to carry out his/her duties.

13. The Chair of the Committee must be appointed from among the external Directors forming part thereof.

#### **Article 7.- Appointment**

14. The members of the Committee, as well as the Chair, shall be appointed by the Board of Directors.
15. The Board of Directors shall endeavour to ensure that the members of the Committee as a whole, and in particular its Chair, have the necessary experience and knowledge of accounts, audit or (financial, or non-financial) risk management, which is adequate for the functions they are asked to provide, that at least one of them has experience in information technology and that, the members of the Committee have relevant expertise in financial and internal control matters, as well as in relation to the energy (or utilities) sector, all to the extent relevant. It shall not be necessary for them to be experts in these areas as such.

#### **Article 8.- Duration**

16. The Directors sitting on the Committee shall exercise this office while their appointment as Directors of the Company continues in force, unless the Board of Directors agrees otherwise.
17. The Directors which make up the Committee, and which are re-elected as Directors of the Company in accordance with the Articles of Association, shall continue to carry out their positions on the Committee without the need for a new election, unless the Board of Directors agree otherwise.

#### **Article 9.- Cessation**

The members of the Committee shall cease in their positions:

- (a) if/when they cease to be Directors of the Company; or
- (b) by resolution of the Board of Directors.

#### **Article 10.- Training Programme**

1. The Committee shall have a periodic training scheme to ensure that its members are kept up to date with developments in accounting standards, the specific regulatory framework for the Company's businesses, internal and external audit, risk management and supervision, internal control and technological advances, and compliance all as relevant to the Company.
2. New members of the Committee shall be given a member's welcome pack or induction prior to their attendance of their first meeting.

### **CHAPTER IV.- MEETINGS OF THE COMMITTEE**

#### **Article 11.- Sessions**

3. The Committee shall meet as many times as is considered necessary in the opinion of the Chair to comply with their obligations, and at least four (4) times a year, or when half of its members so request it. The meeting schedule shall be fixed by the Committee before the beginning of each calendar year and shall include the tentative agendas and any attendance by non-Committee members that may be deemed necessary, subject, in each case, to any amendment of the same made by Committee resolution or at the direction of the Chair ad hoc. In the case of a meeting taking place by telephonic or other electronic means, such meeting shall be called to take place at the registered address of the Company, and the meeting shall be deemed to take place where the largest group of those participating in the conference is assembled, or, with the agreement of the majority of the participants, deemed to be where one of them physically then is.
4. The chair of the Board of Directors and, where appropriate, the Chief Executive Officer, may request informative meetings with the Committee, on an exceptional basis.

#### **Article 12.- Meeting Calls**

5. The secretary of the Committee at the request of the Chair, may give notice of the calling of a meeting of the Committee by the use of any telematic or digital means and, particularly, through a secure Directors' website, indicating the place, date and time of the meeting, as well as the agenda to be followed.
6. The calling of a meeting must be made in time to be received by the members of the Committee not later than the third day prior to the date of the meeting, unless there is a need for an urgent meeting.
7. In relation to the information made available to the Directors prior to or during the meeting, any digital tools that are necessary for the fulfilment of their duties shall be made available to the Directors, where appropriate
8. It shall not be necessary to call meetings of the Committee in advance when all the members of the Committee are present and unanimously accept holding the meeting and debating the points on the agenda.

#### **Article 13.- Quorum, Attendance and Adoption of Resolutions**

9. The Committee shall be quorate when a majority of its members are present or duly represented.
10. Any member of the Committee may delegate his/her representation and vote to another member of the Committee in writing (including by electronic means), which may include specific instructions as to how to cast his/her vote, addressed to the secretary of the Committee.
11. Meetings of the Committee shall be presided over by the Chair, who will be assisted by the secretary of the Committee.
12. A meeting of the Committee may be held in several places provided that the members are connected to each other by a system that permits for discussion to take place among those participating in the proceedings, as well as for the casting of votes, all in real time, adopting, where appropriate, any procedure that ensures that those participating in the proceedings can be identified, that the confidentiality of the proceedings is preserved and that an account of the proceedings (and any decisions adopted therein) is duly taken and preserved.
13. If none of the members of the Committee make any opposition, votes may be made in writing and without a Committee meeting, as permitted by the Articles of Association of the Company.
14. Resolutions shall be adopted by a majority of votes of the members of the Committee present or duly represented at the meeting. In the event of a tie, the Chair will have a casting vote.
15. The secretary of the Committee shall:
  - a) draw up the minutes of each meeting, which shall be approved at the end of the same meeting or at the start of the immediately subsequent meeting; and

- b) make, maintain and circulate to the members of the Committee records of resolutions passed in writing.

#### **Article 14.- Attendance at Meetings of the Committee**

1. At the request of the Chair, addressed for such purposes to the chair of the Board of Directors, any Director may be requested to attend a meeting of the Committee. The Chair may also request, through the secretary of the Committee, the attendance of any manager or employee of the Company as well as of any member of the management decision-making bodies of the companies in which the Company has an interest provided that there is no legal impediment thereto.
2. The Committee may request the presence at its meetings of both the Company's auditor as well as the auditor of any entity in which the Company has an interest, provided that there is no legal impediment thereto. Under no circumstances shall the Company's auditor attend the decision-making part of the meetings of the Committee.
3. The attendance of managers, employees or other Directors (executive or not) to the meetings of the Committee shall be only as required, and with the previous invitation of the Committee's Chair, through the secretary of the Committee, and each such attendance shall be limited to those items on the agenda for which the attendee has been called and the attendee shall not attend the decision-making part of the meetings of the Committee.

#### **CHAPTER V.- POWERS OF THE COMMITTEE, PARTICIPATION, RIGHTS TO RECEIVE INFORMATION AND DUTIES**

##### **Article 15.- Specialist Services**

1. The Committee shall have free access, through the secretary of the Board of Directors, to any type of information or documentation held by the Company relating to matters within the Committee's competence and which it considers necessary for the fulfilment of its functions, without prejudice to the limitations arising from the legal provisions regarding the separation of regulated activities in Great Britain.
2. Likewise, the Committee may, at the Company's expense, seek the collaboration or advice of external professionals, who shall submit their reports directly to the Chair of the Committee, who may attend the meetings of the Committee, as well as the meetings of the Board of Directors when required, and who may speak at the meetings but may not vote. In that case, the Committee shall take any such action to ensure that any conflict of interest which may arise does not undermine the independence of the external advice received.
3. Employment of such specialists shall be made in accordance with any relevant provision of the Articles of Association, the Governance and Sustainability System of the Company and any other applicable rule or regulation.

##### **Article 16.- Participation and Rights to Receive Information**



1. The Chair of the Committee may take any action to ensure that each member may participate in the deliberations of the Committee free from any internal or third-party pressure (perceived or otherwise), and to encourage constructive, critical, diverse and free dialogue between members, in order to support the activities of the Committee.
2. The Chair of the Committee, by way of the secretary of the Committee as required, shall provide all required information and documentation to the other members of the Committee sufficiently in advance of each meeting so that they can properly analyse such information in advance and prepare for the meeting.

#### **Article 17.- Duties of Committee Members**

1. Without prejudice to their duties as Directors under UK law (as applicable), Committee members must act with independence with respect to the rest of the Iberdrola Group and perform their work with the utmost diligence and professional competence. In particular, the members shall sufficiently analyse and evaluate all required information and documentation in advance of each meeting of the Committee.
2. The members of the Committee shall comply with the provisions of these Terms of Reference and applicable law in the exercise of their powers. The members of the Committee shall, in reviewing and investigating business conclusions reached by the executive Directors and members of senior management of the Company, take into account all factors and circumstances made available to them such as they shall deem relevant. Without prejudice to the foregoing, the members of the Committee shall endeavour to act together to deliver a consistent position of the Committee as a whole in its final representations to the Board of Directors.
3. Committee members are subject to all the fiduciary duties of a director including under the Companies Act 2006.

#### **CHAPTER VI.- COMPLIANCE AND INTERPRETATION**

##### **Article 18.- Compliance**

3. The members of the Committee, as well as the other Directors affected, have the obligation to be aware of and comply with these Terms of Reference, for which purpose the secretary of the Board of Directors shall provide all of them with a copy.
4. Additionally, the Committee shall have the obligation to oversee compliance with these Terms of Reference, adopting any measures necessary for such purpose.

##### **Article 19.- Interpretation**

5. These Terms of Reference shall be interpreted in accordance with the law, the Articles of Association and the Governance and Sustainability System.

6. Any doubts or discrepancies as regards the interpretation of these Terms of Reference shall be resolved by an absolute majority of the votes of the members of the Committee, and in the absence of such majority, by the Chair, to be assisted by any persons the Board of Directors may appoint for this purpose. The interpretation and resolution of any doubts or discrepancies which may arise must be reported to the Board of Directors.
7. In the absence of any specific regulations, the provisions of the Articles of Association of the Company relating to the operation of the Board of Directors, provided they are not incompatible with its nature and function, shall be applicable to the Committee.
8. In these Terms of Reference the term "Group" shall mean a group as defined in section 1261 of the Companies Act 2006.

## REGULATIONS OF THE COMPLIANCE UNIT OF SCOTTISH POWER ENERGY NETWORKS HOLDINGS LIMITED

### TITLE I. NATURE AND OBJECT

#### Article 1. Nature and Object

6. The Compliance Unit (the “**Unit**”) of Scottish Power Energy Networks Holdings Limited (the “**Company**”) is an official permanent and internal body, configured in accordance with the highest standards of independence and transparency, and linked to the Audit and Compliance Committee.
7. The Unit is the body of the Company responsible for proactively and autonomously ensuring the implementation and effectiveness of the Company’s compliance system (the “**Compliance System**”), configured in accordance with the provisions of its Governance and Sustainability System, for which purpose it is vested with the broadest powers, budgetary autonomy and independence of action, all without prejudice to the responsibilities of other bodies and divisions of the Company.

The Compliance System is made up of all rules, formal procedures and material actions – including the Company’s crime prevention programme and its internal reporting system (described in Title VII below, the “**Internal Reporting System**”) – that are intended to ensure that the Company acts in accordance with ethical principles, the law and internal rules, particularly the Governance and Sustainability System, to contribute to the full realisation of the *Purpose and Values of the Iberdrola Group* and the corporate interest, and to prevent, manage and mitigate the risk of legislative and ethical breaches that may be committed by the directors, professionals, or suppliers thereof within the organisation.

8. The Unit shall be governed by the provisions of these *Regulations of the Compliance Unit* (the “**Regulations**”) and the other rules forming part of the Company’s Governance and Sustainability System, as well as by any other applicable internal rules.
9. The establishment of the Unit should be understood to be without prejudice to the existence at IBERDROLA, S.A. and at the Group’s country subholding companies of their own compliance unit (as well as the existence at other companies forming part of the Group of their own compliance unit or function), as applicable, which is particularly responsible for proactively and autonomously ensuring the implementation and

effectiveness of the compliance system of its respective company, which includes, among other rules and procedures, their own crime prevention programme.

10. For the purposes of the provisions of these *Regulations*, “**Group**” shall mean the multinational group of companies of which IBERDROLA, S.A., a listed holding company, is the controlling entity. References to sections are to subsections of the numbered Articles of these *Regulations*.

## TITLE II. COMPOSITION

### Article 2. Composition and Positions

1. The Unit shall be made up of the following persons, appointed for an indefinite term by the Board of Directors on its own initiative, or upon the proposal of the Audit and Compliance Committee, who shall hold the positions indicated below:
  - a) the chair of the Unit, a position held by an external professional, who shall be an expert of recognised prestige in compliance matters;
  - b) the members of the Unit, one of whom shall be the principal compliance officer of the Company (the “**Business Compliance Officer**”), and others who may include the heads of various areas or functions related to risk management in the area of compliance; and
  - c) the (non-member) secretary of the Unit, who shall have the powers required to perform the duties thereof.
2. Pursuant to the provisions of the Governance and Sustainability System of the Company, particularly with respect to the decentralisation of the effective management of the businesses and the corresponding individualisation and separation of responsibilities arising therefrom for each of the companies of the Group, those persons who are members of the compliance units of IBERDROLA, S.A. and of its country subholding company, Scottish Power Limited (the “**SP Unit**”), may not form part of the Unit.

The Directors of the Company may not form part of the Unit.

3. The members of the Unit shall act with independence of judgement in the performance of their duties, shall have multidisciplinary profiles and must have the knowledge, skills and experience appropriate to the powers vested therein.

4. The proposal to the Board of Directors by the Audit and Compliance Committee for the appointment of members of the Unit must be made, considering the profiles that may be appropriate for the performance of the duties thereof based on the Company's activities.
5. The secretary of the Unit shall have the following main duties: (i) preparing the minutes of meetings of the Unit; (ii) certifying the resolutions and decisions thereof; (iii) ensuring the formal and substantive legality of its activities and conformance thereof to the internal rules, and particularly to the Governance and Sustainability System; (iv) generally channelling the relations of the Unit with its members (in all matters relating to the operation thereof, in compliance with the instructions of its chair and under the supervision thereof), and providing the support necessary for the proper operation of the Unit and the conduct of its meetings.

### **Article 3. Business Compliance Officer**

The Business Compliance Officer shall manage the operation of the Unit and its budget and shall be responsible for carrying out the corresponding measures and action plans and ensuring that the Unit proactively and autonomously complies with its duties, regularly reporting thereto on the performance of said activities, and shall perform such other duties as are assigned thereto in the rules, and particularly in the Governance and Sustainability System.

## **TITLE III. POWERS AND COORDINATION IN THE COMPLIANCE AREA**

### **Article 4. Powers regarding the *Code of Ethics***

1. As regards the *Code of Ethics* (excluding section C thereof regarding the directors of the Group's companies), the Unit shall have the following main powers:
  - d) Promote the dissemination of the content of the *Code of Ethics*, in accordance with the general guidelines of the Compliance Unit of IBERDROLA, S.A. and of the SP Unit and encourage an understanding thereof and compliance therewith among their professionals, suppliers and other Stakeholders.
  - e) Submit to the SP Unit of any queries or concerns that are raised in relation to the content or application of or compliance with the *Code of Ethics* for the interpretation thereof, that are unable to be reasonably resolved by the Unit itself.
  - f) Adopt and incorporate into its internal rules and regulations the behavioural procedures and protocols approved by the Compliance Unit of IBERDROLA, S.A. or by the SP Unit in order to ensure compliance with the *Code of Ethics* or, where

appropriate, approve its own procedures and behavioural protocols for the aforementioned purpose.

2. In order to promote the dissemination of the content of the *Code of Ethics* among the professionals of the Company, and supported by the division in charge of the human resources functions, the Unit shall include training and internal communication activities in its annual activities plan, and in accordance with the following, that:
  - a) Training initiatives shall be communicated to the division in charge of the human resources function for the coordination thereof, if appropriate, pursuant to the provisions of the general training activities plan.
  - b) Internal communication initiatives shall be communicated to the division in charge of this function for implementation, if appropriate, pursuant to the provisions of the corresponding communication plan.
3. The Unit shall be supported by the division in charge of the procurement function in the dissemination of the content of the *Code of Ethics* among the suppliers.
4. Proposals for the external dissemination of the *Code of Ethics* among the other Stakeholders of the Company shall be sent by the Unit to the division in charge of the communication function within the Company for assessment thereof and possible inclusion in the communication plan at the Group level in accordance with the general priorities and objectives established in each case.
5. As applicable, the Unit shall promote the dissemination of the content of the *Code of Ethics* within its purview through the divisions in each case assuming the functions of human resources, procurement and communication, as appropriate, in accordance with the general guidelines that have been established by the Compliance Unit of IBERDROLA, S.A. and the SP Unit, taking into account the particular features applicable in the countries or territories in which it does business, and in the businesses carried out by the Company.

#### **Article 5. Powers regarding the Effectiveness of the Compliance System and relating to the Internal Reporting and Whistleblower Protection System**

1. The Unit shall:
  - a) establish the basic elements of the structure and operation of the Company's Compliance System, annually evaluate the effectiveness thereof, as well as the overall effectiveness of the compliance systems of the Company and of the

companies directly or indirectly controlled thereby (the “**Controlled Companies**”), in this latter case for purposes of preparing the report provided for in Article 8.2.

- b) report to the Audit and Compliance Committee regarding significant matters relating to the effectiveness of the Compliance System.
  - c) proactively monitor the application and effectiveness of the Compliance System, the Internal Reporting System and provisions and policies of the Company relating to whistleblowing and the dissemination of the contents thereof among the people to whom it is addressed, to the extent applicable and within its purview.
2. The Unit shall be the body responsible for the management of the Company’s Internal Reporting System, without prejudice to the delegation of such management to the Business Compliance Officer.
- In this regard, the Unit shall be responsible for receiving allegations or reports sent through the Internal Reporting System in accordance with the provisions of Title VII of these *Regulations*, processing the corresponding case files, moving forward the procedures for verification and investigation of the allegations or reports received, and making the corresponding decisions in relation to the files processed.
3. The Unit shall endeavour to ensure the implementation of the protection measures provided for in the Company’s Compliance System and in the Internal Reporting System and provisions and policies of the Company relating to whistleblowing for the persons who submit allegations or reports through the Internal Reporting System and for the persons affected thereby.
4. The Unit shall also be responsible for establishing the tools required to ensure the recording and registration of the corresponding activities that make up the Compliance System.

#### **Article 6. Powers regarding Crime Prevention**

1. The Unit shall be responsible for drafting, approving, adopting, keeping permanently updated and endeavouring to ensure the application of the behavioural and supervisory protocols it deems necessary or appropriate for the prevention and detection of the risk of commission of criminal offences and, in general, of improprieties and acts that are illegal or contrary to law or the Governance and Sustainability System relating to or affecting the activities of the Company and that make up the crime prevention programme thereof.

2. In addition, the Unit shall:

- a) At least once per year, evaluate the observance and effectiveness of the Company's crime prevention programme and assess the appropriateness of modification and regular update thereof if the circumstances so require.
- b) Foster a preventive culture based on the principle of "zero tolerance" towards improper conduct and acts that are illegal or contrary to law or the Governance and Sustainability System and on the application of ethical principles and principles of responsible behaviour that should govern the conduct of the members of the management decision-making bodies and of the professionals of the Company and of its Controlled Companies, irrespective of their level, their geographic location or their functional subordination, as well as the conduct of the suppliers of all of them.
- c) Disseminate the contents of the provisions and policies of the Company relating to anti-corruption and anti-bribery or fraud (including, without limitation, the *ScottishPower Anti-Bribery and Corruption Policy*) and monitor the implementation of specific procedures to prevent any conduct that might be considered an act of corruption, to the extent within its purview.
- d) Promote the preparation and implementation of suitable training programmes for the professionals of the Company and of the Controlled Companies regarding crime prevention and the fight against corruption and fraud with sufficient frequency to ensure the refreshment of knowledge in these matters.

## **Article 7. Other Powers**

- 1. The Unit shall also be directly vested with such other powers, whether of a particular or permanent nature, that may be assigned thereto by the Audit and Compliance Committee or the Board of Directors, or that are vested therein by applicable law and the internal rules of the Company, particularly the Governance and Sustainability System.
- 2. The Unit must endeavour to ensure effective compliance with applicable legal provisions on the separation of regulated activities. The Unit is also responsible for performing the duties assigned thereto by the provisions and policies of the Company relating to the separation of regulated activities (including, without limitation, the *ScottishPower Policy on Business Separation*, and particularly to supervise and assess compliance with the obligations established therein and to prepare the annual report, in accordance with the provisions of said policy, which shall be submitted to the Audit and Compliance Committee for its opinion and for the latter to submit a report documenting such opinion



for the information of the Company's Board of Directors. The Unit shall forward a copy of said report to the SP Unit.

#### **Article 8. Relations of the Unit with the Compliance Unit of IBERDROLA, S.A. and the SP Unit in Compliance Matters**

1. While respecting the purviews proper to IBERDROLA, S.A. and to the country subholding companies, particularly, Scottish Power Limited, the Unit shall act on a coordinated basis with the Compliance Unit of IBERDROLA, S.A. through the SP Unit, respecting the provisions of the framework established by the SP Unit regarding relations of coordination, cooperation and information among the various compliance units and heads of compliance of the companies controlled by Scottish Power Limited and with the SP Unit, in order to promote the highest ethical standards in the compliance area, particularly but not limited to issues relating to investigation procedures, the analysis and evaluation of criminal risks, the measures and controls implemented for the mitigation thereof, internal compliance rules, and the promotion of training plans (the **"Coordination Framework"**).2
2. On an annual basis, the Unit shall, within the Coordination Framework, issue: (i) a report evaluating the effectiveness of the Company's Compliance System; and (ii) with the help of the heads of compliance of the Controlled Companies, a report evaluating the effectiveness of the compliance systems of the Company and its Controlled Companies. These reports shall be submitted to the Audit and Compliance Committee for it to issue its opinion and remit them to the Board of Directors. Both reports shall also be forwarded to the SP Unit.

The Unit may subsequently publish information contained in these reports in a transparent and clear manner, as a mechanism to make explicit the effectiveness of its compliance culture and its own social commitment to the public interest.

### **TITLE IV. MEETINGS**

#### **Article 9. Meetings**

The Unit shall meet as many times as necessary to exercise the powers entrusted thereto.

#### **Article 10. Call to Meeting**

1. The secretary of the Unit shall, on behalf of the chair thereof, call the Unit to meeting at least three days in advance thereof, except in the case of urgent meetings.

2. The call to meeting shall be carried out by any means allowing for receipt thereof and, except in justified cases, shall include the agenda for the meeting and have attached thereto any information that may be deemed necessary.
3. No prior call to a meeting of the Unit shall be required when all of its members are present and unanimously agree to the holding of the meeting and to the items of the agenda to be dealt with.

#### **Article 11. Place of Meetings**

1. Meetings of the Unit shall be held at such place as is designated in the call to meeting or, in the absence thereof, at the registered office of the Company.
2. Meetings of the Unit may be held in several places connected to each other, or by remote means using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them, and participation in discussion and the casting of votes, all in real time (including videoconference or remote attendance systems or any other similar system). The members of the Unit in attendance at any of such interconnected places shall be deemed to have attended the same meeting of the Unit for all purposes and the meeting shall be deemed to have been held at the registered office.

#### **Article 12. Establishment of a Quorum**

1. A valid quorum for Unit meetings shall be established with the attendance, in person or by proxy, of more than half of its members.
2. The chair of the Unit shall preside over meetings of the Unit. In the event of vacancy, illness, incapacity or absence of the chair of the Unit, the member having the longest length of service in the Unit, and if equal lengths of service, the oldest, shall act as such.
3. The secretary of the Unit shall act as secretary for the meeting. In the event of vacancy, illness, incapacity or absence of the secretary of the Unit, the person appointed by the chair of the meeting for such purpose shall act as secretary.
4. Unit members may give a proxy to another member by notice delivered by any of the means allowing for receipt thereof, addressed to the chair or to the secretary of the Unit and including the terms on which the proxy is given, provided that it includes specific instructions for each of the items on which the proxy representative must vote. In no case may they give a proxy in connection with matters affecting them personally or regarding which they are involved in any conflict of interest situation.

### **Article 13. Resolutions**

1. Resolutions of the Unit shall be adopted by a majority of the votes of the members present at the meeting in person or by proxy. In the event of a tie, the chair of the Unit shall have the tie-breaking vote.
2. All resolutions adopted shall be recorded in minutes signed by the chair and the secretary of the Unit or by the persons acting in their stead. They shall be approved at the same meeting or at the meeting held immediately thereafter and shall be entered in a book of minutes of the Unit that shall be in the custody of the secretary thereof.
3. Voting by the Unit may occur in writing without a meeting provided that no member objects thereto. In this case, the members of the Unit may deliver to the secretary their votes and the considerations they wish to appear in the minutes. Resolutions adopted using this procedure shall be recorded in the minutes.

### **Article 14. Conflicts of Interest**

1. The members of the Unit involved in a potential conflict of interest must give notice thereof to the Unit itself, which shall also have the power to resolve questions or conflicts that might arise in this regard.
2. A conflict of interest shall be deemed to exist in those situations in which the interest of the member of the Unit conflicts, whether directly or indirectly, with the interest of the Company and with their duties as a member of the Unit.
3. An interest of the member of the Unit shall exist if a matter dealt with by the Unit affects such member or a natural or legal person connected thereto.
4. If a member of the Unit is involved in a conflict of interest, they must refrain from participating in the matter in question and leave the meeting until a decision is made, and such member shall be subtracted from the number of Unit members for purposes of calculating the quorum and majorities at the relevant meeting and with respect to the matter at hand.

### **Article 15. Attendance**

1. The chair of the Unit may request the attendance at meetings of any director of the Company and of its Controlled Companies, of any professional of the Group's companies, and of any member of the compliance units of the Group's companies (if applicable) or seek their opinion at any time.

2. Requests for attendance by members of the Company's Board of Directors shall be channelled through the secretary thereof.

## **TITLE V. RESOURCES, BUDGET AND ANNUAL ACTIVITIES PLAN**

### **Article 16. Material and Human Resources**

1. The Unit shall enjoy the required autonomy, freedom to take initiatives and decision-making capacity, and shall have the material and human resources necessary to perform its duties.
2. The personnel of the Unit must have the knowledge, skills and experience appropriate to the powers vested therein.

### **Article 17. Budget**

1. Prior to the commencement of each financial year, the Unit, at the proposal of the Business Compliance Officer, shall submit to the Audit and Compliance Committee a draft budget for carrying out its activities during the upcoming financial year.
2. Once validated by the Audit and Compliance Committee, the draft budget shall be sent to the Board of Directors for final approval.

### **Article 18. Annual Activities Plan and Performance of the Unit**

1. Prior to the commencement of each financial year, the Unit, at the proposal of the Business Compliance Officer, shall submit an annual activities plan for the next financial year to the Audit and Compliance Committee for approval thereby.
2. Each year, the Audit and Compliance Committee shall give its opinion on compliance with the annual activities plan and the performance of the Unit and shall forward it to the Board of Directors.

## **TITLE VI. POWERS OF THE UNIT AND DUTIES OF ITS MEMBERS**

### **Article 19. Powers and Advice**

1. Provided that applicable law so allows, the Unit shall have access to the information, documents, offices, directors and professionals of the Company, including the minutes of

the meetings of the management, supervisory and control bodies, as may be necessary for the proper performance of its duties.

The members of the Board of Directors and the professionals of the Company must also provide the cooperation requested by the Unit for the proper performance of its duties.

Requests addressed to directors or that cover minutes of meetings of the Company's management decision-making body or of the Audit and Compliance Committee shall be channelled through the secretary of the Board of Directors.

2. The Unit may also seek cooperation or advice from outside professionals.
3. To the extent possible and provided it does not affect the effectiveness of its work, the Unit shall seek to act transparently, informing the affected directors and professionals of the purpose and scope of its actions whenever practicable and appropriate.

#### **Article 20. Duties of Unit Members**

1. Unit members must act with independence of judgement and action with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence.
2. Unit members shall keep confidential the deliberations and resolutions of this body and, in general, shall not disclose any communications, reports, allegations, data, reports or background information to which they may have access while in office, nor use any of the foregoing for their own benefit or that of third parties, without prejudice to the duties of transparency and information imposed by the Company's Governance and Sustainability System and by applicable law. The duty of confidentiality of the members of the Unit shall survive even after the members no longer hold such position.

### **TITLE VII. INFORMATION MANAGEMENT PROCEDURE**

#### **Article 21. Internal Reporting System**

1. The Company has implemented an Internal Reporting System, which comprises namely the *Speaking Out* services and Ethics mailbox options, in accordance with applicable legal provisions and established practice. Without prejudice to the provisions of these *Regulations*, the Unit shall have regard to the general global principles defining the Internal Reporting System as set out in the *Compliance and Internal Reporting and Whistleblower Protection System Policy* and in the *Code of Ethics*.

2. The Unit shall investigate any conduct that may involve the commission of any impropriety or any act that is illegal or contrary to law or the Governance and Sustainability System, particularly including any conduct that might constitute a criminal offence, a serious or very serious administrative offence, or a breach of European Union law, with implications for the Company, its contractual relationship with its suppliers, or the interests and image of the Company. This provision is without prejudice to any process regarding grievances of a human resources nature to be processed according to applicable policies, regulations and legal requirements.
3. The Unit may commence an investigation if it is aware of facts or circumstances that might constitute an impropriety or an act from among those indicated in the preceding section, whether on its own initiative or by virtue of a grievance, allegation or report received through the internal reporting channels (as defined in the following section) or by any other means.
4. The internal reporting channels activated by the Company (the “**Internal Reporting Channels**”), which form part of its Internal Reporting System, allow its directors, professionals, suppliers and other third parties as determined by law to report any of the conduct referred to in section 2 above and to process the allegations or reports received in connection therewith, all without prejudice to the ability to address such grievances or reports to the relevant UK regulatory or judicial authorities or to any other competent institution, body or entity (where so expressly required by applicable law).

The Internal Reporting System includes all the Internal Reporting Channels set up by the Company for the communication of allegations or reports related to such conduct by the aforementioned persons.

5. The principles, rules of conduct and guarantees established in this Title VII shall apply to the investigation files handled by the Unit, regardless of the manner in which they are commenced.

## **Article 22. Management of Allegations or Reports**

1. The management of allegations or reports sent through the Internal Reporting Channels is the responsibility of the Unit, without prejudice to the delegation of this duty to the Business Compliance Officer in accordance with applicable legal provisions.
2. In order to perform such duty, the Unit and the Business Compliance Officer shall comply with the provisions of these *Regulations*, the Compliance System, the Internal Reporting System and provisions and policies of the Company relating to whistleblowing (to the

extent applicable in relation to the Company under UK laws and practices) and the *Code of Ethics*.

3. In the management of allegations or reports received through the Internal Reporting Channels, the confidentiality of the identity of the whistleblower and of any third party mentioned in the allegation or report, and of the activities carried out in the management and processing thereof, as well as the protection of personal data, must be guaranteed, preventing access to the content of the investigation by personnel who are not expressly authorised to do so.
4. The Unit shall also handle and respond to all enquiries submitted to it through the Internal Reporting System that are within its purview.

### **Article 23. Submission of Allegations or Reports**

1. Directors, professionals, suppliers of the Company and other third parties as determined by law may report, including anonymously, any of the conduct referred to in Article 21.2 by any means established by the Company, including contact in writing or by telephone.

At the request of the whistleblower, the allegation or report may also be presented in a face-to-face meeting with the Unit's staff to be held no later than seven days of the request.

2. In any case, those who submit an allegation or report through the Internal Reporting Channels shall be informed, in a clear and accessible manner, of the next steps and any other appropriate means of reporting, including the relevant regulatory or judicial authorities (where so expressly required by applicable law).
3. Verbal communications, including those made in a face-to-face meeting, by telephone or voice messaging, must be documented in one of the following ways:
  - a) by recording the conversation in a secure, durable and accessible format; or
  - b) through a complete and accurate transcript of the conversation prepared by the staff responsible for handling it.

Without prejudice to the rights thereof under the legal provisions regarding the protection of personal data, the whistleblower shall be given the opportunity to verify, correct and agree to the transcription of the conversation by signing it.

4. The confidentiality of the allegation or report received shall also be guaranteed if the allegation or report is received by the Unit by a means not provided for herein or has been

made to any director, professional or supplier of the Company that has immediately forwarded it to the Unit in compliance with the provisions of the *Code of Ethics*.

#### **Article 24. Acceptance of Allegations or Reports for Processing**

1. Once an allegation or report has been received, the Unit shall send an acknowledgement of receipt to the whistleblower within seven calendar days of receipt (unless this might jeopardise the confidentiality of the grievance or report or the whistleblower has not identified themselves or has declined to receive information about the whistleblower's communication), and shall determine whether or not to process it.
2. The fact that the whistleblower does not disclose their identity shall not bar the Unit from processing the allegation or report if it is reasonably plausible.
3. If the matter affects a company of the Group that has its own compliance body or function, or a professional performing duties at such company, the Unit shall forward the allegation or report to said body (or to the head of the compliance function) for it to proceed with the autonomous and independent evaluation and processing thereof in accordance with its own rules, which shall be consistent with the principles established in the *Compliance and Internal Reporting and Whistleblower Protection System Policy*.

In the event that the matter affects more than one company of the Group or persons from different companies thereof, the appropriate coordination measures shall be adopted by the corresponding compliance units, bodies and functions in order to handle the allegation or report in the most efficient manner.

4. The Unit shall not process any grievance or report in which the conduct complained of is clearly unfounded or implausible or is not likely to constitute an act referred to in Article 21.2.
5. The decision to not accept the allegation or report for processing shall be reasoned, sufficiently documented and notified to the whistleblower within five business days of the decision, unless the whistleblower has not identified themselves or has declined to be informed of the outcome of their communication.
6. For purposes of deciding whether to accept a grievance or report for processing, the Unit may request the whistleblower, if the whistleblower has identified themselves and has not waived the right to receive information, to clarify or complete it by providing the documentation or data necessary to verify the existence of an act or conduct of the kind referred to in Article 21.2.



7. The Audit and Compliance Committee shall have direct access to the allegations or reports submitted through the Internal Reporting Channels that might have a material impact on the financial statements or internal control of the Company. To this end, the Unit shall inform said committee of the existence of the aforementioned grievances or reports and shall provide it with any documentation requested in relation to the processing of the case files.

#### **Article 25. Processing of Case Files**

1. Once an allegation or report within the purview of the Unit has been accepted for processing, the Unit shall appoint an investigating officer to carry out the investigation and process the case file, with the power to entrust these duties to an external investigating officer.
2. If the allegation or report is submitted against a member of the Unit, such member shall not participate in the processing thereof.
3. If the allegation or report concerns a director, the chair of the Unit shall inform the secretary of said body in order for the secretary to assist the chair in the processing of the case file. In these cases, to ensure independence, the investigating officer shall be a person from outside the companies of the Group.
4. The maximum period for carrying out the investigation and replying to the whistleblower shall not exceed three months from receipt of the allegation or report, except in cases of particular complexity requiring an extension of the period, in which case the period may be extended by up to a maximum of an additional three months.
5. The investigating officer shall verify the truthfulness and accuracy of the information contained in the allegation or report received, and specifically of the conduct in question, while respecting the rights of the affected parties. For such purposes, the investigating officer shall give all affected parties the opportunity to be heard, shall receive the statements of witnesses and shall carry out such proceedings as the investigating officer deems necessary.

In particular, the investigating officer must inform those affected by the allegation or report of the acts or omissions attributed to them and of their right to be heard at any time during the investigation at the time the investigating officer initiates the investigatory activities. This information must be provided in such time and manner as is deemed appropriate to ensure the proper outcome of the investigation.

6. All professionals of the Group's companies have the duty to faithfully cooperate in the investigation. The participation of witnesses and affected parties shall be considered strictly confidential.
7. The investigation shall be carried out pursuant to the provisions of an internal protocol adopted or approved by the Unit, all affected parties shall be informed regarding the processing of their personal data, and any other duty imposed by applicable legal provisions shall be complied with.
8. In all investigations, the rights to privacy, respectability, defence and the presumption of innocence of the persons investigated or affected shall be guaranteed, and all measures shall be taken that are required to avoid any kind of retaliation against the whistleblower upon the terms of applicable legal provisions.

In particular, as provided by applicable legal provisions, the Company undertakes to not adopt, and to ensure that the professionals of the Group do not adopt, any form of retaliation, whether direct or indirect, including threats of or attempted retaliation, against directors, professionals, suppliers or other third parties as determined by law who have reported any potential impropriety or the potential commission of any act that is illegal or contrary to law or the Governance and Sustainability System that may be investigated by the Unit, unless the allegation or report is false or such person has acted in bad faith.

Likewise, as provided by applicable legal provisions, the Company undertakes to not adopt, and to ensure that the professionals of the Group do not adopt, any form of retaliation against any natural person who, within the framework of the organisation in which the whistleblower works, assists him/her in the process, or is related to him/her, as a representative of the employees, co-worker or relative, as well as against any legal person for whom the whistleblower works or with whom the whistleblower has another type of relationship in an employment context or in which the whistleblower has a significant shareholding.

9. At any time during the proceeding, the Unit and the investigating officer may seek the advice and cooperation of the professionals of the Group's companies, and particularly the division in charge of the finance and control functions and of the legal affairs division for purposes of determining the consequences and manner to proceed with respect to any allegation or report.

They may also seek the advice of independent third parties to assist them in any proceedings or whenever they deem it appropriate.

10. The Unit shall keep a record of the allegations or reports received through the Internal Reporting Channels and of any internal investigations to which they have given rise.

#### **Article 26. Resolution of Case Files**

1. Once the processing of the case file has been completed, the investigating officer shall forward the file together with a proposed decision to the Unit for resolution as it deems appropriate and shall notify the whistleblower thereof within the period established in Article 25.4 above, all in accordance with the Coordination Framework, as applicable.
2. In the event that the decision concludes that a professional has committed an improper act or an act that is illegal or contrary to law or the Governance and Sustainability System, the Unit shall notify the division responsible for the human resources function of the Company for the consideration and application of the appropriate disciplinary measures, the adoption and content of which shall be reported to the Unit.
3. If it is an improper act or act that is illegal or contrary to law or the Governance and Sustainability System that affects a member of the Company's Board of Directors, the Unit shall submit the decision to the Board of Directors, through the secretary of said management decision-making body, for application of any of the measures provided for in the Governance and Sustainability System, the adoption and content of which shall be reported to the Unit.
4. If the decision rendered concludes that a supplier of the Company has committed an improper act or an act that is illegal or contrary to law or the rules of conduct laid down in the *Code of Ethics*, the Unit shall notify the division of the Company responsible for procurement in order to exercise such contractual rights as may be appropriate, of which the Unit shall be informed.
5. If it is verified that a breach of the Governance and Sustainability System has occurred that is not covered by sections 2, 3 or 4 above, the Unit shall adopt the measures that it deems appropriate.
6. If the result of the investigation reveals the possible adoption of legal actions, the Unit shall give notice of the case file to the legal affairs division for purposes of commencing the relevant governmental or court actions in each case, of which the Unit must be informed.

## **Article 27. Protection of Personal Data**

1. The delivery of personal information through the Internal Reporting Channels shall comply with the provisions of personal data protection legislation.
2. As a general rule, the party affected by the allegation or report shall be informed of the existence thereof at the time that the investigating officer commences the investigation proceedings. However, in those cases in which there is a significant risk that such notice may threaten the ability to effectively investigate the allegation or report or to collect any required evidence, notice to the affected person may be delayed for as long as such risk exists, pursuant to the provisions of personal data protection legislation.
3. Persons submitting an allegation or report through the Internal Reporting Channels must guarantee that the personal data provided are true, accurate, complete and up to date.
4. Data processed within the framework of the investigations shall be deleted in accordance with the provisions of personal data protection legislation.
5. Pursuant to the legal provisions applicable in each case, users of the Internal Reporting Channels may at any time exercise the rights of access, rectification, erasure, objection and limitation of processing of their personal data by sending a written communication to the registered office of the Company, in compliance with the legal requirements from time to time in effect, and indicating the specific right they wish to exercise.

## **TITLE VIII. AMENDMENT, COMPLIANCE AND INTERPRETATION**

### **Article 28. Amendment**

The amendment of these *Regulations* must be approved by resolution adopted by the Board of Directors on the initiative of the Board itself, of the Audit and Compliance Committee, of the chair of the Unit, of one-third of the directors or of the members of the Unit itself, following a report from the Audit and Compliance Committee unless the amendment is on the initiative thereof or of the Board of Directors itself.

### **Article 29. Compliance**

1. The members of the Unit have the obligation to know and comply with these *Regulations*, for which purpose the secretary of the Unit shall provide them with a copy.
2. The Unit shall have the obligation to ensure compliance with these *Regulations*.

### Article 30. Interpretation

1. These *Regulations* shall be interpreted in accordance with the Company's Governance and Sustainability System.
2. Any question or dispute regarding the interpretation of these *Regulations* shall be resolved by majority vote within the Unit itself, and in the absence of such resolution, by the chair of the Unit, who shall be assisted by the secretary or by such persons, if any, as may be appointed by the Unit for such purpose. The Audit and Compliance Committee must be informed of the interpretation and resolution of the questions or disputes that may have arisen.
3. In the absence of a specific rule, the provisions of the *Terms of Reference of the Audit and Compliance Committee*, failing which the *Terms of Reference of the Board of Directors*, and failing all of which, the *Articles of Association* of the Company regarding the operation of the Board and, in particular, those regarding the call to meetings, granting of a proxy to another director, establishment of a quorum, meetings without prior notice, proceedings at meetings and system for adopting resolutions, casting of votes in writing and without a meeting and approval of the minutes of meetings, shall apply to the Unit to the extent that they are not inconsistent with the nature thereof.

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First approved by the Board of Directors of Scottish Power Energy Networks Holdings Limited on 21 September 2023 in place of the applicable provisions of the *Regulations of the ScottishPower Compliance Divisions* previously adopted by the Company.

# Group Corporate Governance Internal Procedures & Protocols

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The Company's Governance and Sustainability System is supplemented by the Internal Procedures & Protocols, as formally **adopted** by the Company.

This section also consists of any other internal procedures and protocols of the relevant subholding company of the group.

Being documents of an internal nature, these procedures and protocols are not published.





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