



# Human Rights report

(Due diligence, Stakeholders and Just transition)

December 2025

This "Human Rights Report 2025" has been designed to be fully accessible, ensuring that any individual, without exception, regardless of their ability, age or technology used, can access its contents.

Various measures have been implemented, such as the use of a clear and legible format, the inclusion of alternative descriptions for images and graphics and, in the digital version, compatibility with assistive technologies.

Iberdrola is committed to ensuring that information is clear and accessible for everyone.

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# Executive summary

For Iberdrola, respect and the promotion of human rights are essential principles that are embedded in the Governance and Sustainability System and guide the Group's operations. This Human Rights Report 2025 reflects the Company's commitment to transparency and accountability, demonstrating progress in the integration of human rights across all areas of the Group and throughout the value chain.

In 2024, the Due Diligence System was strengthened in alignment with the United Nations Guiding Principles and in anticipation of the requirements set out in the EU's Corporate Sustainability Due Diligence Directive (CSDDD). This system allows for the identification, prevention, mitigation and, when necessary, remediation of real or potential adverse impacts on human rights across operations, projects and business relationships.

The Group's actions in this scope are structured around three strategic axes:

- Corporate governance and commitment: policies and procedures, oversight by the Board of Directors and its committees, and a control model based on three lines of defence.
- Just energy transition: integration of the principles of equal opportunities into climate action, ensuring that electrification and decarbonisation contribute to high-quality employment, local development and opportunities for all Stakeholders.
- Stakeholder engagement: strengthening of dialogue and active participation from employees, communities, clients and suppliers, as an essential part of the due diligence process.

Among the main milestones the following stand out:

- Advances in the standardisation and digitisation of social management and human rights processes, including tools for traceability and risk assessment.
- Deployment of Global Engagement Management with Stakeholders, ranked as a leader in *stakeholder engagement and community relations* in the *Dow Jones Best-in-Class Index*.
- Promoting a just transition: permanent closure of coal-fired power plants, investment of €58 billion from 2025 to 2028 (two-thirds in grid networks). More than 44,000 MW of renewable energy installed and training programmes exceeding 3 million hours, with a focus on green skills in 2024.
- Responsible supply chain management: 96 % of awarded volume assessed for sustainability, 48 social audits in sensitive sectors and active participation in sector initiatives such as the Solar Stewardship Initiative.
- Protection of vulnerable groups and universal access to energy, with programmes such as *Electricity for All* and social tariffs in all geographical areas.

This report confirms our commitment to the protection of human rights beyond purely regulatory requirements and presents it as a key factor in our competitiveness, reputation and long-term sustainability.

# 1. Introduction

## About this report

Iberdrola publishes this Human Rights Report as a demonstration of transparency and accountability to its stakeholders, with the aim of reporting on the progress made in implementing due diligence processes in the field of human rights. This commitment is framed within the **Group's Governance and Sustainability System**, as well as the **Human rights policy** and the **Stakeholders' engagement policy**, both approved by the Board of Directors.

This report is published against the backdrop of the adoption of **Directive (EU) 2024/1760 on Corporate Sustainability Due Diligence** (hereinafter "CSDDD"), which sets out new requirements for the management of social and environmental risks and impacts. Although its entry into force is scheduled for 2028 following the postponement introduced by the EU Omnibus package, Iberdrola has been anticipating compliance through the progressive formalisation of due diligence processes aligned with the **United Nations Guiding Principles on Business and Human Rights** (hereinafter "UNGPs") and with the requirements of the aforementioned Directive.

The purpose of this report is to explain how the Iberdrola Group integrates these principles into its management model and how it applies them across all of the Group's operating companies, paying particular attention to countries where Iberdrola has the most active presence or where there are greater potential risks of human rights violations.

The report's reference period is the 2024 financial year, although commitments, objectives and work in progress relevant at the date of the report's publication are included. The contents are structured following a due diligence process inspired by UNGPs and CSDDD requirements, with the articles corresponding to the topic addressed <sup>1</sup> being positioned at the beginning of each chapter, in order to explain how Iberdrola implements and manages its due diligence processes.

The report describes the Group's context and commitment, details the governance mechanisms, addresses the just energy transition from the perspective of its implications for human rights, and outlines the processes for identifying and assessing impacts, as well as prevention, mitigation, and remediation measures, including Stakeholder participation in these processes. The notification and complaint mechanisms are also set out, along with specific management examples that illustrate the practical application of Iberdrola's commitment.

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<sup>1</sup> The articles referring to the CSDDD are based on the content of Directive (EU) 2024/1760 of April 2024.

This document complements and expands on the information contained in the Group's annual reports, providing an integrated view of how Iberdrola promotes human rights across all aspects of its business. Direct links to official sources and Group pages are included throughout the report to facilitate access to additional information.

For clarification purposes, every time “Iberdrola, S.A.” or the “Company” are mentioned, they refer to this company individually, whereas when there is reference to Iberdrola, to the “Group” or the “Iberdrola Group”, the company and the companies where it has a majority stake are included. The Iberdrola Group does not have its own legal personality distinct from that of each of the aforementioned companies, nor does it therefore have its own specific management bodies or offices.

## About Iberdrola

### Purpose

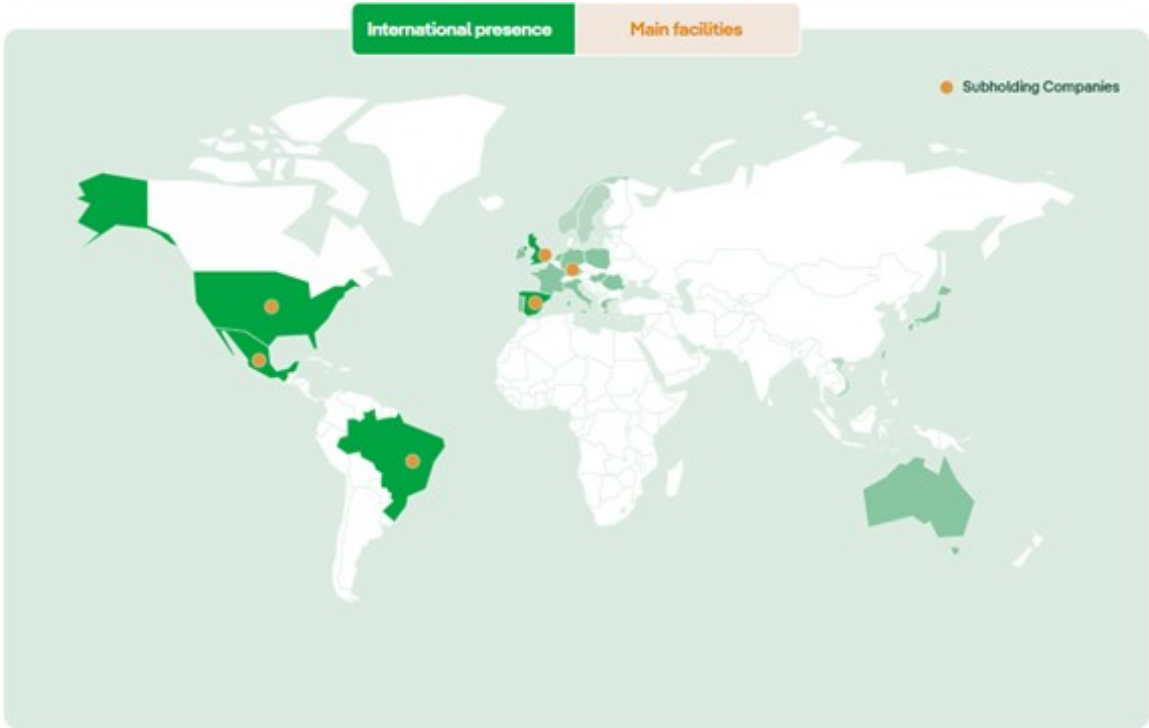
Iberdrola is a leading global company in electrical grid networks and renewable energy, with a resilient, sustainable and people-centred business model. After completing an energy transition that began over 20 years ago, it is now focusing on the electrification of the economy through investments in electricity transmission and distribution networks, electricity generation from renewable sources and efficient storage, in order to drive electrification of the economy, energy self-sufficiency, security of supply, quality employment, protection of nature and decarbonisation of the economic system.

Guided by its purpose “*to continue building a more electric, healthy and accessible energy model on a daily basis and in collaboration with its stakeholders.*” Iberdrola carries out its activities in order to create sustainable value for all stakeholders, which is referred to as social dividend. This commitment translates into decisions that integrate environmental, social and governance factors and that reflect the values that define its corporate culture: integrity, respect, equal opportunities, inclusion and commitment to people and the environment.

### Global presence and key figures for the Group in 2024

By the end of 2024, Iberdrola was supplying energy to nearly 100 million people in more than 30 countries, consolidating its position as one of the two largest electricity companies in the world by market capitalisation. The Group manages assets valued at €160 billion, with a workforce of more than 42,200 employees and an electric grid network that exceeds 1.2 million kilometres. The Group’s **total installed capacity** amounts to **56,668 MW**, of which **84 % are emissions-free**, and **net production** reached **132.500 GWh**.

Iberdrola around the world



Key performance indicators

84 % of the total installed capacity is emissions-free	More than 500,000 of the total installed capacity is emissions-free	Gross investments 17,000 €M
Net production 132,500 GWh	Supplier purchases 18,000 €M	Population served 100 Million
1,295,000 Km of networks	More than 42,200 people directly employed	Tax contribution 10,300 €M

Figure 1. Presence and key figures 2024

In 2024 a significant part of its activities has focused in Spain, the United States of America, the United Kingdom, Australia, Brazil, Germany, France and other EU state members, among other countries.

## Own operations and value chain

The Iberdrola Group operates across the entire energy sector value chain, from electricity generation to the transmission, distribution, commercialisation and provision of energy service.

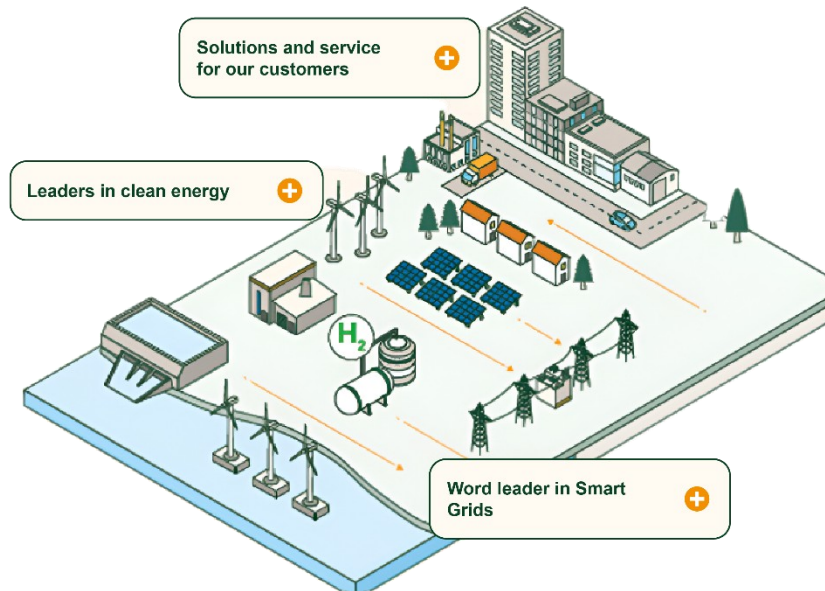


Figure 2: Own Iberdrola operations.

The Group's own operations are structured around three large areas:

1. **Smart grids.** Transmission and distribution of electricity, including the construction, operation and maintenance of infrastructure such as lines, substations and transformer substations, also facilitating the integration of distributed generation.
2. **Clean energies.** Generation electricity, producing renewable electricity (onshore and offshore wind, solar photovoltaic and hydro-power). It also promotes energy storage through pumped-storage hydropower and batteries, managing all phases of its generation facilities.
3. **Solutions and services for our customers.** Supply of electricity (and to a much lesser extent, gas) to residential and industrial users, along with smart energy products and services. Promotion of solutions such as self-consumption, storage, heat pumps, electric mobility and solar energy. Comprehensive energy management services are offered for the industrial sector, including sustainable technologies such as green hydrogen.

At the closing of 2024, the Group supplied energy to **36 million consumers** <sup>2</sup>. **86.6 %** of users are residential users.

The Iberdrola Group's value chain is broader than its own operations, including thousands of **suppliers, contractors and technology partners**. The main industries or sectors of the Company's value chain are shown below:

**Value chain**

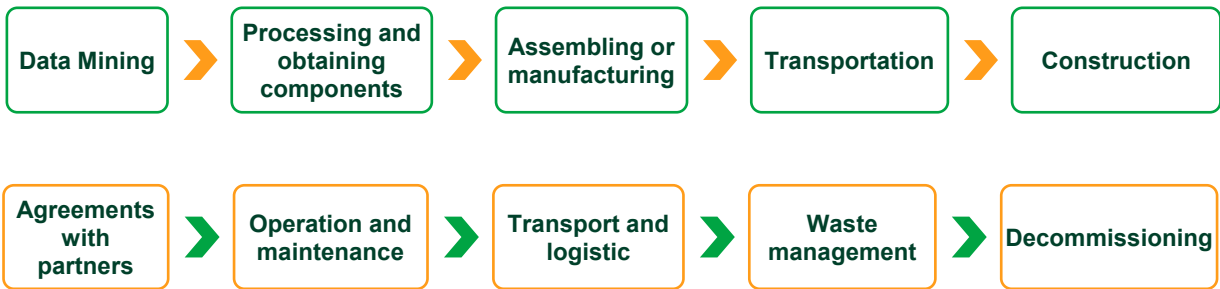


Figure 3: Main industries or sectors of value chain

In 2024, Iberdrola dedicated more than **€17,85 billion to procurement** from **19,000 supplier companies**, employing around **500,000 people**, thus actively contributing to local and global economic development.

## International regulatory framework

“Human rights are rights and freedoms inherent to all human beings that ensure their right to life in **dignity, justice and freedom** anywhere in the world, regardless of race, sex, nationality, ethnicity, language, religion, or any other status.”<sup>3</sup>

Respect for human rights in the corporate sphere has become a global expectation, driven by the development of international standards, the strengthening of binding regulations and the growing interest from investors, customers, employees and other Stakeholders. Within this context, Iberdrola has reinforced its commitment to integrating human rights into all its activities, anticipating new regulatory

<sup>2</sup> Consumers: for electric power, total number of customers is used where there are areas of electricity distribution and retail, and supply points are used for the other areas. For gas: the total number of gas customers is used, except for the United States, where the total number of supply points is included. Electricity and gas customers of the IEI segment depend on Iberdrola Clientes Internacional, S.A., a subsidiary of the country subholding company Iberdrola España, S.A. \*\* There may be differences between the totals due to rounding.

<sup>3</sup> [Human Rights | United Nations \[See UN’s website. Opens in a new window\]](#)

requirements and aligning its actions with the most relevant international frameworks (See section "[Iberdrola's Corporate commitment and governance regarding human rights](#)" [See the relevant section of this document]).

**Evolution of the international regulatory context regarding Human Rights**

Year	Standard
1948 and 1966	Universal Declaration of Human Rights
1979	CEDAW Convention on the Elimination of All Forms of Discrimination
1989	ILO Convention 169 on indigenous and tribal peoples
1998	Fundamental principles and rights at work
2000	UN Global Compact and Domestic Action Plans
2003	Brazil - Section 149 of the Criminal Code - Modern Slavery
2007	United Nations Declaration on the Rights of Indigenous People
2011	United Nations Guiding Principles on Business and Human Rights
2012	EEUU- Dodd-Frank Act on Conflict Minerals
2015	United Kingdom - Modern Slavery Act
2017	Regulation (EU) 2017/821 on the disclosure of conflict minerals
2018	Australia - Modern Slavery Act
2021	<ul style="list-style-type: none"> <li>• U.S. - Uighur Forced Labour Prevention Act</li> <li>• Germany - Corporate Due Diligence in the supply chain Act</li> </ul>
2022	Directive (EU) 2022/2464 on information regarding corporate sustainability due
2023	OECD Guidelines for Multinational Enterprises
2023	<ul style="list-style-type: none"> <li>• (EU) Regulations                             <ul style="list-style-type: none"> <li>• 2023/1542 on batteries sustainability</li> <li>• 2023/1115 on deforestation</li> </ul> </li> <li>• Mexico - Mechanisms to ban imports of goods made with forced labour</li> </ul>
2024	<ul style="list-style-type: none"> <li>• Directive (EU) 2024/1760 on Corporate sustainability due diligence (CSDDD) (amended by the Omnibus package)</li> <li>• (EU) Regulations                             <ul style="list-style-type: none"> <li>• 2024/3015 on the ban of forced labour</li> <li>• 2024/1252 on critical raw materials</li> </ul> </li> </ul>
2024	ILO agreement to define fair salaries
2025	Directive (proposal) Simplification and Sustainability Omnibus

Among the key international instruments guiding business actions regarding human rights, the following stand out:

- The **International Bill of Human Rights**, including the Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights and the International and the Covenant on Economic Social and Cultural Rights (1966).
- The **Declaration on Fundamental Principles and Rights at Work (ILO)<sup>4</sup> (1998)**, addresses the rights related to freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation.
- The **United Nations Declaration on the Rights of Indigenous People**, (2007) and the **ILO Convention 169 (1989)**, establishing specific rights of indigenous and tribal peoples.
- The **Convention on the Rights of the Child (CRC)** (1989) and the **Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)** (1979).
- **Tripartite declaration of principles concerning multinational enterprises and social policy (ILO)**.

These instruments have been supplemented with specific frameworks in the business sphere, among which the following stand out:

- **United Nations Guiding Principles on Business and Human Rights (UNGPs) (2011)**, providing the “Protect, Respect and Remedy” framework and defining the responsibilities of States and companies in the prevention and remediation of adverse impacts on human rights.
- The **OECD Guidelines for Multinational Companies (2023)** and their **Due Diligence Guide (2018)**, offering practical guidance to identify, prevent, mitigate and report real and potential adverse impact.
- The **UN Global Compact and Domestic Action Plans** on Companies and Human Rights, promoted by Member states to implement UNGPs at domestic level.

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<sup>4</sup> The International Labour Organization (ILO) has issued a series of conventions and protocols throughout its history (since 1919). In its Declaration, the ILO considers ten of those conventions to be fundamental within these categories. See ILO Declaration regarding [Fundamental principles and rights at work](#) | International Labour Organization [See International Labour Organisation’s website. Opens in a new window].

In recent years, there has been a transition from voluntary frameworks (soft law) to mandatory regulations (hard law), which establish specific responsibilities for companies. This change has been particularly accelerated in the European Union, with the approval of new regulations strengthening business due diligence. The most noteworthy for Iberdrola include:

- **Directive (EU) 2024/1760 on Corporate sustainability due diligence (CSDDD):** provides the obligation to implement social and environmental risks and impacts management procedures for own operations, in subsidiary companies and the supply chain. Although it is scheduled to come into force in 2028, Iberdrola has been anticipating compliance by progressively formalising processes aligned with the UNGPs.
- **Directive 2013/34/EU, as regards corporate sustainability reporting:** improving the presentation on information regarding corporate sustainability by companies by adopting European reporting standards.
- **Regulation (EU) 2024/3015 to ban forced labour:** banning selling in the European market products manufactured using forced labour, driving better attention to due diligence processes. In this regard, other local regulations such as the **US Uyghur Forced Labor Prevention Act**, restricting the import of goods linked to forced labour in Xinjiang.
- **Regulation (EU) 2023/1542 on batteries sustainability:** imposing sustainability, security, tagging and information requirements, including due diligence obligations for economic agents.
- **Regulation (EU) 2024/1252 on critical raw materials:** reinforcing all stages in the value chain, including traceability, risk supervision and sustainability.
- **Regulation (UE) 2023/1115 on deforestation:** providing rules to prevent selling products linked to deforestation and forest degradation.
- **Regulation (EU) 2017/821 on conflict minerals:** demanding European importers to get stock from responsible sources free from conflict minerals and metals included in Appendix I of the regulation.
- The proposed **Omnibus package on simplification and sustainability** is a European Commission initiative launched in February 2025, aimed at streamlining EU sustainability directives and reducing the administrative burden on companies.

Regulatory developments reinforce the need for robust governance, risk management and transparency systems that enable companies to act responsibly in all contexts in which they operate. Iberdrola has incorporated these principles into its management model and continues to adapt its processes to ensure compliance with international standards and new regulatory requirements.

## 2. Iberdrola’s commitment and governance of human rights

**UNGP 11 - 16 and 23.** Business responsibility and compliance and Policy commitment.

**CSDDD Article 7:** Integrating due diligence into company policies and risk management systems.

## Policy commitment

Respect for and promotion of human rights are essential pillars of Iberdrola's purpose and [Governance and Sustainability System \[See Iberdrola's website. Opens in new window\]](#), guiding its strategy for a just and inclusive energy transition. For over two decades, the Group has directed its strategy towards decarbonising the economy and clean electrification, integrating human rights at all levels of corporate decision-making. Iberdrola's purpose, to "Continue building, every day and together, a more electric, healthy and accessible energy model", guides the Group in creating shared value with all Stakeholders, increasing social dividends and practising corporate social responsibility.

Iberdrola's commitment to the defence of human rights is executed in two key instruments of the Governance and Sustainability System: the [Ethical and basic principles of governance and sustainability \[See PDF document. Opens in a new window\]](#) of the Iberdrola Group and the [Policy on Respect for Human Rights \[See PDF document. Opens in a new window\]](#). Both documents, approved by the Board of Directors, consolidate the Group's responsibility with regards to PRNU 11-14 and article 7 of the CSDDD.

- The [Ethical and basic principles of governance and sustainability of the Iberdrola Group \[See PDF document. Opens in a new window\]](#) of the Iberdrola Group, which recognise the universality, indivisibility and interdependence of human rights and provides the obligation to protect humans' rights through due diligence procedures in all the relationships of the Group.
- The [Policy on Respect for Human Rights \[See PDF document. Opens in a new window\]](#), develops the principles above and defines the operating framework to prevent, mitigate and remedy adverse impacts, both in own operations and in the supply chain.

With these instruments Iberdrola undertakes to implement robust cross-cutting due diligence procedures to identify, prevent, mitigate and remedy actual and potential impacts, integrate human rights in all the stages of its projects life cycles, frequently assess the efficiency of its policies and procedures and communicate in a transparent manner its progress and challenges.

The commitments adopted by the company in this area are aligned with the main international frameworks and instruments, including the following:

- Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights.

- The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (and their [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas \[See OECD's website. Opens in a new window\]](#)).
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy from the International Labour Organisation.
- International Labour Organisation (ILO) conventions (including the 169 convention on indigenous and tribal peoples).
- Principles of the United Nations Global Compact.
- The United Nations Declaration on the Rights of Indigenous People.

This commitment is a continuation of years of work on the respect and protection of human rights, its integration into the strategic planning and decision-making of the Group. Iberdrola has had a **Policy on Respect for Human Rights in place since 2015**, which has since been subject to periodic reviews—most recently in March 2025—with the aim of reinforcing its contents and adapting it to emerging challenges. In recent years, this commitment has been further strengthened amid the development of new binding regulations, such as the Corporate Sustainability Due Diligence Directive (CSDDD), increased expectations from investors, financiers, customers, employees and other Stakeholders, and the need to address the energy transition in a fair and inclusive manner that respects human rights. Throughout this process, Iberdrola has consolidated a structured and cross-cutting approach, anticipating international standards and strengthening its governance, management and oversight mechanisms.

The evolution of this procedure is shown in **Figure 4. "Iberdrola's key milestones in the protection of human rights"** provides a chronological account of the most relevant actions taken at key milestones during the implementation and ongoing enhancement of the Company's human rights due diligence processes in recent years.

### Main milestones at Iberdrola in the protection of Human Rights

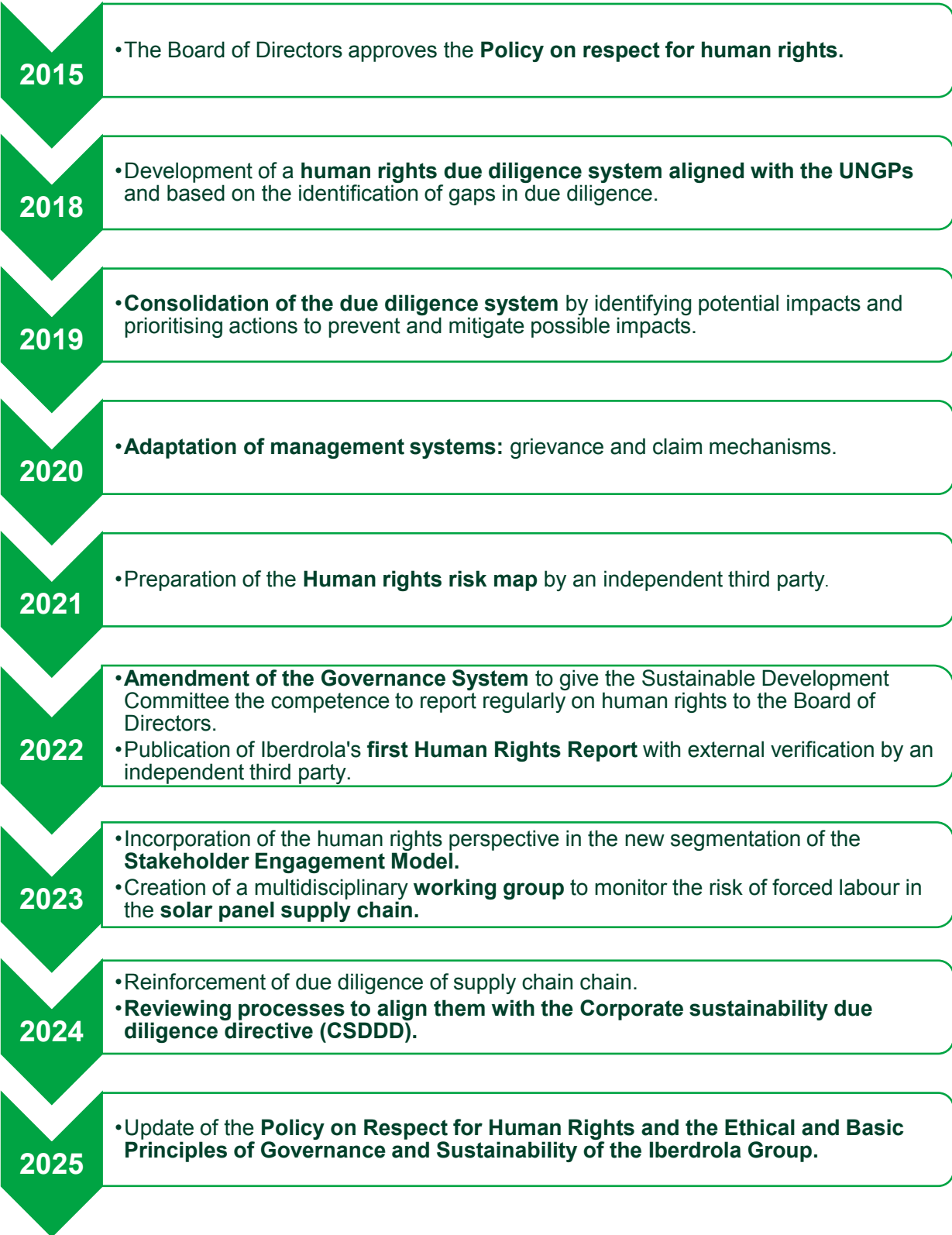


Figure 4. Main milestones at Iberdrola in the protection of human rights

These commitments are applicable to Iberdrola, S.A., and, in accordance with the provisions in the Governance System, to Group companies. This includes other Iberdrola Group companies, listed sub holding companies and their subsidiaries, as well as affiliated foundations. These commitments also extend to the entire organisation and to all third parties or business partners that have contractual or commercial relationships with Iberdrola.

As part of the due diligence procedure, Iberdrola **reviews and updates** on a frequent basis its “Ethical and basic principles of governance and sustainability” and its “Human rights policy”. It is a joint effort of those responsible for the implementation of policies and the Legal Service Area, the Compliance Division, the Secretary of the Board, the Corporate Sustainability Division, Internal Audit and specialized external advisers. The Corporate Sustainability Division incorporates the results of the materiality studies, developed with consideration to the different Stakeholders.

Furthermore, this periodic review and update has also been carried out in all subholding companies. In addition, ScottishPower publishes on an annual basis its *Modern Slavery Statement*, as does Iberdrola Australia, in accordance with the law, committing to human and labour rights and the removal of modern slavery. It sets out the measures that have been taken to eliminate the risk of modern slavery in relation to own operation and the supply chain.

## Scope of responsibility

Through the [Ethical and basic principles of governance and sustainability of Group \[See PDF document. Opens in a new window\]](#), the [Human rights policy \[See Iberdrola’s website. Opens in a new window\]](#) and the [Code of conduct for directors, professionals and suppliers of Iberdrola \[See Iberdrola’s website. Opens in a new window\]](#) the company has undertaken the following commitments, among other, linked to internal human rights standards:

In the [Ethical and basic principles of governance and sustainability of Group \[See PDF document. Opens in a new window\]](#), with regards to the recognition, respect and regulatory and ethics compliance of human rights, the Iberdrola Group undertakes to:

- **To respect the human and labour rights** recognized in national and international legislation, as well as international standards in those countries in which the legislation on human rights has not been adequately developed.
- **Respecting the right to freedom of movement** within each country or territory and rejecting human trafficking, child labour, forced or compulsory labour and any form of modern slavery, while also ensuring and promoting the eradication of such practices in their supply chain.
- **Observing and fostering freedom of association**, collective bargaining and decent work.

- **Not discriminating** for any reasons or characteristic, such as race, religion, gender expression or sexual orientation or political views.
- **Respecting the rights of ethnic minorities and indigenous peoples** in the places where they carry out their activities and promoting open consultation and dialogue that integrates different cultural frameworks and takes their expectations and needs into account.
- **Respecting the right to a clean, healthy and sustainable environment** in the communities in which they operate and, in particular, counteracting the consequences of environmental degradation for the effective fulfilment of internationally recognised rights of the child.
- **Understanding access to energy and natural resources, including water**, as a right related to and linked with other human rights, collaborating with public institutions in the implementation of systems to protect vulnerable customers and plans to extend service to communities that lack access to energy.
- Accept the **universality, indivisibility and interdependence** of human rights, as well as the need to protect them through **due diligence processes** in the relations of companies of the Group with their respective Stakeholders and other groups, and in particular with Iberdrola's people, customers, communities and supply chain.

In the [Policy on respect for Human Rights of Iberdrola Group \[See Iberdrola's website. Opens in a new window\]](#), the Company adopts and promotes the following **principles of action**:

- **Identify the potential impacts on the human rights** of affected communities and groups that the operations and activities carried out by the Company, its subsidiaries or its value chain may generate.
- **Have a due diligence processes** that identify situations and activities and manage above all those with a higher risk of violating human rights, in order to develop **mechanisms for the prevention of such risk, as well as for mitigation and ultimately redress** of the impacts if they occur.
- **Evaluate the effectiveness of the due diligence processes on a regular basis using monitoring indicators**, with special attention on those facilities 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.
- **Report the results of the evaluation of the effectiveness of the due diligence processes** in the information that the Company periodically publishes and that is available on its corporate website.
- **Promote a culture of respect for human rights and actions intended to promote training and awareness-raising** in this field directed at the people of Iberdrola, the communities and the other Stakeholders of the Company.

- **Having 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 should be communicated both to the professionals and to external persons and organisations, their communities, legitimate representatives and professionals in their value chain. To this end, internal management and reporting procedures regarding the issues communicated shall be defined in order to allow for an evaluation of the due diligence processes.
- If a violation of human rights is detected at the facilities of the Company or at those of its suppliers, adopt as soon as possible any corrective measures that provide the affected persons with **access to an effective remediation through legitimate processes and active cooperation**, and report to the competent government authorities if such violation may amount to an administrative, criminal or any other type of offence.

The [Code of conduct for directors, professionals and suppliers Iberdrola \[See Iberdrola's website. Opens in a new window\]](#) (updated on 25 March 2025) provides the ethical principles and lines of action to be followed by all people that are part of the Iberdrola Group or collaborate with the Group. Its purpose is to ensure behaviour that is ethical, responsible and aligned with the Group's Purpose and Values, as well as its ethical and basic principles of governance and sustainability. With regards to Human Rights, the Code compiles the following key commitments.

- For **directors**, it establishes commitment and engagement with human rights as guidelines for action (Article B1.2 b).
- For **professionals**, it promotes a diverse, inclusive and discrimination-free work environment (Article C.6), ensures occupational health and safety (Article C.4) and establishes fair and equitable criteria for selection, hiring and assessment processes (Article C.5) to ensure equal opportunities.
- With regard to **suppliers**, the Code requires compliance with fundamental labour rights, including the prohibition of child and forced labour (Article D.5), compliance with occupational health and safety standards (Article D.6), and an explicit commitment to human rights through the application of due diligence processes (Article D.9). This final point involves identifying, preventing, mitigating and accounting for potential negative impacts on human rights, aligning business practices with international standards such as the UNGPs. respecting human rights and environmental restrictions, with particular reference to compliance with applicable legislation on responsible minerals.

## Related goals

Iberdrola has established a sustainability goal related to human rights, which measures the development and enhancement of due diligence processes and the active participation of Stakeholders in all phases of these processes.

**Goal: “Annual revision and updating of Human Rights Due Diligence and**  
”<sup>5</sup>

This goal was renewed in the latest strategic update presented at Capital Markets Day (CMD) 2025 and consolidates Iberdrola's vision that respect for human rights is not a compliance requirement but an essential factor for competitiveness, reputation and long-term sustainability.

Among this goal's activities the following stand out:

- Consolidating the integration of human rights criteria into social risk assessments for the Company's investment and divestment operations.
- Driving the formalisation and digitisation of social management and community relations.
- Continuing with the progressive roll-out of the Stakeholder Engagement Model until it covers 90 % by 2030.
- Developing training and awareness-raising programmes about human rights and Stakeholder engagement, in order to strengthen internal capabilities to prevent, identify and address potential impacts on human rights due to the roll-out of the business strategy, such as a just transition or the social licence to operate.

These objectives are monitored using digital tools and are linked to incentive structures for the responsible teams, reinforcing accountability and continuous improvement.

In 2024, Iberdrola achieved its objectives set for that financial year, making progress in the ongoing review of human rights due diligence processes and in the roll-out of the Stakeholder Engagement Model.

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<sup>5</sup> Updated at Capital Markets Day (CMD) 2025

Furthermore, the Group has set other goals that address specific areas of human rights, such as equal opportunities, occupational health and safety, community development, responsible supply chain management, and the quality and accessibility of the solutions offered to customers. Each one of these goals seeks to consolidate respectful, inclusive and sustainable business practices aligned with the principles of the Group's Governance and Sustainability System, such as equal opportunities, health and safety, community development, supply chain and supply quality, and accessible customer solutions. See [Sustainability Targets 2025-2030 \[See PDF document. Opens in a new window\]](#) and the section [Integration, prevention and mitigation of potential adverse impacts \[See the relevant section of this document\]](#).

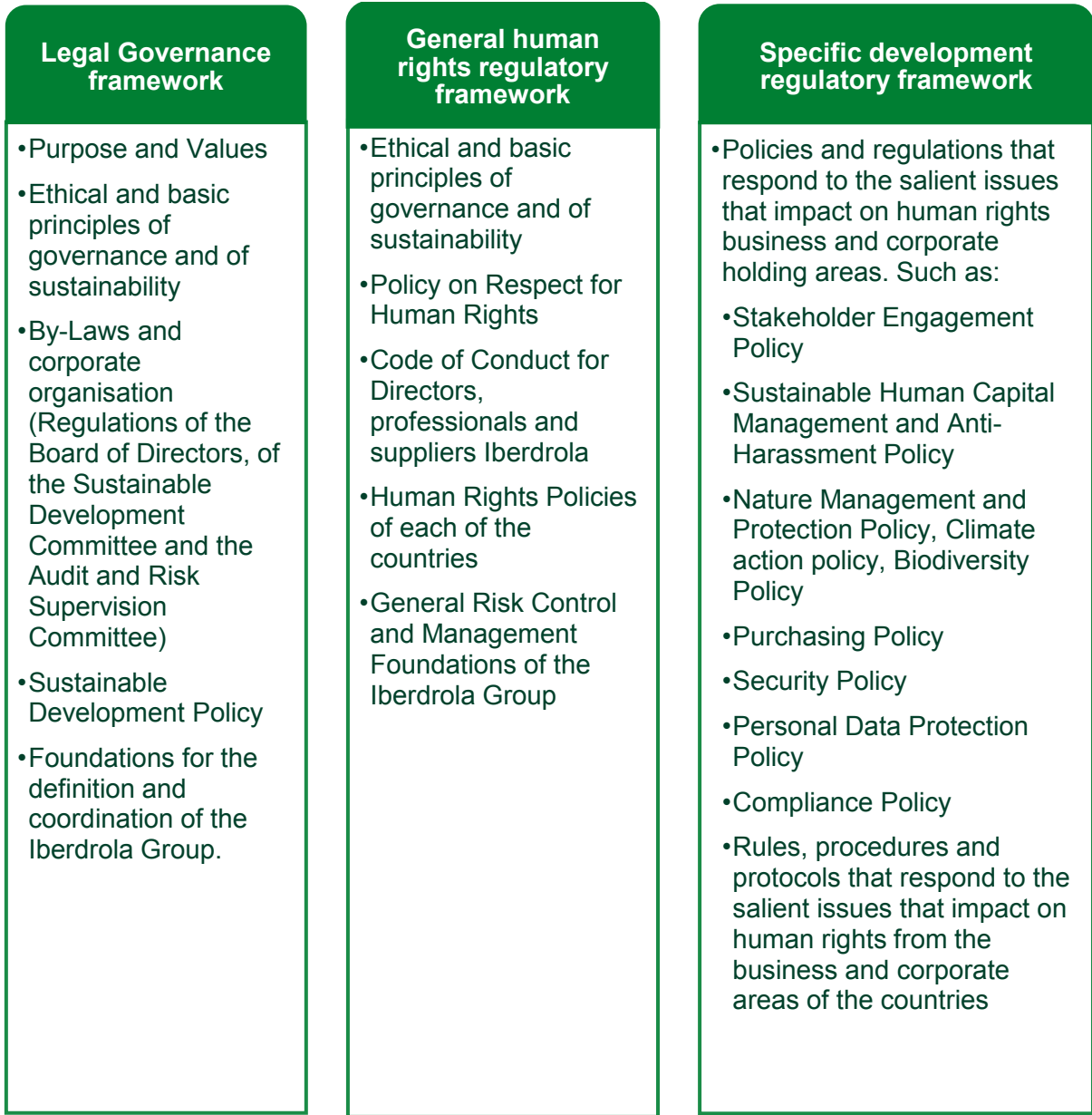
## Regulatory framework and human rights governance

To ensure compliance with its human rights commitments, the Company has integrated into its [Governance and Sustainability System \[See Iberdrola website. Opens in new window\]](#) the structures necessary to assign functions and responsibilities in this regard, including its subsidiaries<sup>6</sup>, in accordance with the Foundations for the [Definition and Coordination of the Iberdrola Group \[See Iberdrola website. Opens in new window\]](#). This constitutes the regulatory framework and governance of human rights, which is aligned with international frameworks such as the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and other frameworks cited in this report.

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<sup>6</sup> The business units and international subsidiaries implement the commitments in their respective territories, adapting them to local regulations without compromising the Group's global standards.

Regulatory framework and Human Rights governance Iberdrola



Compliance with the human rights regulatory framework is ensured through:



Figure 5. Human Rights Regulatory Framework.

The following describes the main policies and standards of the Company's **Governance and Sustainability System** that underpin human rights management at Iberdrola, grouped into three categories: the **Governance regulatory framework**, which defines the institutional and organisational foundation; the **General human rights regulatory framework**, which sets out fundamental commitments and principles; and the **Specific development regulatory framework**, which addresses specific issues that impact human rights in business and corporate matters:

The **Human rights governance framework** brings together the policies and standards that establish the institutional and organisational foundation for human rights management at Iberdrola. It includes the [Purpose and Values of the Group \[See PDF document. Opens in a new window\]](#), the [Ethical and basic principles of governance and sustainability \[See PDF document. Opens in a new window\]](#), the By-Laws and the corporate organisation, consisting of the Regulations of the Board of Directors and its specialised committees, such as the Sustainable Development Committee and the Risk Supervision Committee. It also includes the [Sustainable Development Policy \[See Iberdrola's website. Opens in a new window\]](#), which integrates human rights as transversal axis, and the [Foundations for the definition and coordination of the Iberdrola Group \[See Iberdrola's website. Opens in new window\]](#), which govern the decentralised structure and mechanisms for global coordination.

The **General human rights framework** outlines the fundamental commitments and principles in this area, including the [Ethical and basic principles of governance and sustainability \[See PDF document. Opens in new window\]](#), the [Policy on respect for human rights \[See Iberdrola's website. Opens in new window\]](#) —in force since 2015 and revised periodically—the Code of Conduct for administrators, professionals and suppliers, updated in 2025, and specific human rights policies in each country, adapted to local regulatory and cultural contexts. This framework is supported by the [General risk control and management foundations of the Iberdrola Group \[See Iberdrola's website. Opens in new window\]](#), which include the identification and management of human rights risks across the Group's own operations and within the supply chain, such as regulatory compliance, privacy, cybersecurity, use of artificial intelligence and working conditions. The comprehensive risk management system, based on the three lines of defence model, reinforces oversight and accountability.

Lastly, the **Specific development regulatory framework** consists of policies, standards and procedures that address specific issues that impact human rights in business and corporate matters. Among them stand out then [Stakeholder engagement Policy \[See PDF document. Opens in a new window\]](#), the [Sustainable human capital management and anti-harassment policy \[See Iberdrola's website. Opens in a new window\]](#), the [Nature management and protection policy \[See Iberdrola's website. Opens in a new window\]](#), the [Climate action policy \[See Iberdrola's website. Opens in a new window\]](#) and the [Biodiversity policy \[See Iberdrola's website. Opens in a new window\]](#). It also includes the [Purchasing policy \[See Iberdrola's website. Opens in a new window\]](#), the [Security policy \[See Iberdrola's website. Opens in a new window\]](#), the [Personal data protection policy \[See Iberdrola's website. Opens in a new window\]](#) and the [Compliance policy \[See PDF document. Opens in a new window\]](#), as well as specific rules, procedures and protocols to respond to the human rights risks and impacts of the corporate businesses and areas in each country.

Compliance with the regulatory framework is ensured through the Governance System, the three-line control model and the integration of the human rights perspective into the various due diligence processes.

## An integrated Governance System at the highest level

The **Board of Directors of Iberdrola, S.A.**, and the boards of the subholding companies hold ultimate responsibility. Among the duties of the **Board of Directors of Iberdrola, S.A.** is the approval of the Ethical and basic principles of governance and sustainability of the Iberdrola Group, the Policy on Respect on Human Rights, the Code of conduct for directors, professionals and suppliers of Iberdrola, as well as the Human rights sustainability target and the Engagement of Stakeholders, including the supervision of their compliance and development.

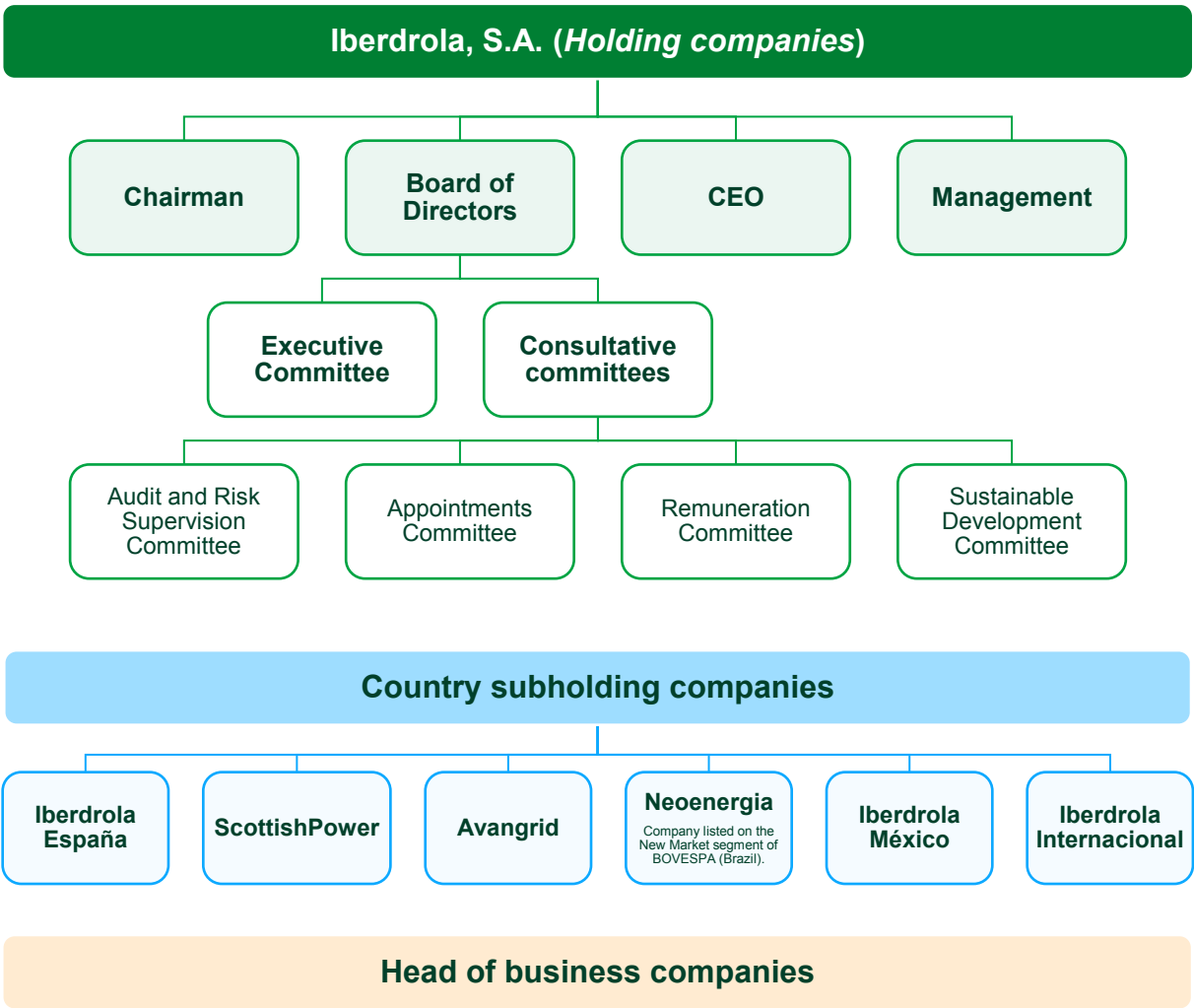


Figure 6 Corporate structure.

The Board of Directors has consulting committees such as, among other, the Sustainable Development Committee and the Audit and Risk Supervision Committee.

The **Audit and Risk Supervision Committee**, which supervises and reports on the efficiency of the risk control and management system: reviews quarterly Group risk reports, coordinates and reviews risk reports submitted on a regular basis, and preparing a risk report, including human rights issues.

The **Sustainable Development Committee** has, among other responsibilities, the following human rights responsibilities: "Supervise and, if applicable, report to the Board of Directors on implementation and effectiveness of the due diligence processes adopted within the boundary of the Group in the areas of sustainability, human rights and natural capital." (See [Sustainable Development Committee Regulations \[See PDF document. Opens in a new window\]](#)).

The Committee is composed of three independent board members with specific skills and experience in human rights, labour and sustainability issues, and all members have received training throughout 2024 on several human rights matters, particularly on the new Directive on human rights and environment due diligence.

During 2024, the main activities of the Sustainable Development Committee in relation to human rights were:

- Review of the general sustainable development policy and monitoring of compliance with the sustainability plan, targets and actions relevant to institutional investors, including stakeholder engagement.
- Monitoring the execution of the Stakeholder Engagement Policy and the Policy on Respect for Human Rights
- Monitoring and review of the extent to which the Climate Action Plan is implemented
- Monitoring the Company's activities and objectives with regards to employment, satisfaction, equal opportunities, integration, non-discrimination, equality, work-life balance, accessibility and mobility, within the scope of the Committee's remit.
- Analysis of environmental, social and governance factors in non-financial reporting.
- Analysis and evaluation of Iberdrola's relationship with its suppliers in matters of sustainability.

These advisory committees are regularly attended by various executives and professionals from the Company to discuss matters within their remit. In particular, the Sustainability Division attended on eight occasions during the 2024 financial year. For more information on the activities of the Board of Directors and the Sustainable Development Committee, please refer to the [2024 Annual Corporate Governance Report \[See PDF document. Opens in a new window\]](#).

In turn, the remuneration structure, which includes annual variable remuneration and the 2023–2025 Strategic Bonus for executive directors and the management team is subject to the achievement of economic-financial, operational and sustainability objectives. The latter include presence in the key sustainability indices, reduction of emissions intensity, cybersecurity, sustainable supply chain practices, accident rate index or EDGEplus certification. For more information, please check the [Annual report on compensation of directors and officers 2024 \[See PDF document. Opens in a new window\]](#).

The Company has various coordination and decision-making bodies to ensure that the principles relating to respect for human rights are integrated into the Group's strategic and operational decision-making. These include:

- **Corporate Sustainability and Reputation Committee**, an executive body that oversees human rights due diligence processes across the organisation, ensuring their integration into the corporate strategy.

- **Risk Committee**, responsible for implementing the Comprehensive Risk Control and Management System and ensuring proper management in accordance with approved limits.
- **Working group on sustainability due diligence within the supply chain**, a coordinating body between the Compliance, Procurement and Sustainability divisions — responsible for management of third-party human rights due diligence.

Furthermore, as this is a cross-cutting responsibility, in order to ensure that the principles relating to respect for human rights are applied effectively and in coordination with the sub holding companies, Iberdrola organises various **Working groups** that share responsibility for driving improvements in due diligence processes. The most relevant of these are:

- **Human Rights Due Diligence Task Force**, consisting of those responsible for Corporate Sustainability at the national level and in charge of coordinating the implementation of corporate procedures and sharing best practices in each country.
- Multidisciplinary working group to **monitor the risk of forced labour** in the solar panel supply chain, with the aim of further assessing this risk, interpreting legislative developments and defining the measures necessary to strengthen the company's due diligence.
- Global working group called the **Iberdrola Stakeholders' Hub** for the internal dissemination and exchange of best practices and lessons learned on how to relate to and engage Stakeholders, as well as updates on matters of interest for the members of the hub.
- **Working group responsible for preparing for the CSDDD**, consisting of, among others, the Corporate Sustainability, Risk, Compliance and Procurement Divisions, and supervised by Internal Audit.
- **Reporting working group**, responsible for coordinating and compiling quantitative and qualitative information at a global level in order to disseminate best management practices and comply with reporting regulations.

## Control model based on three lines of defence

The Iberdrola Group's due diligence system is based on a control model founded on three lines of defence<sup>7</sup>, ensuring effective and coordinated management of human rights-related risks. This approach is integrated into the comprehensive risk control and management system defined in the Iberdrola Group's General Risk Control and Management Foundations, which establish principles, duties and responsibilities for identifying, assessing and mitigating risks across all areas of the Group.

From a human rights perspective, the **three lines of defence** are structured as follows:

- **First line, risk owners.** Corporate and business areas are primarily responsible for identifying, managing and controlling human rights risks, as well as implementing prevention, mitigation and remediation measures.
- **Second line, specialised areas.** Those specialised corporate areas, responsible for the definition, implementation, roll-out and supervision of the regulations and policies of the Company's Governance and Sustainability System and of the governance and sustainability systems of the other companies of the Group, as well as any Guidelines approved in further development of these Foundations, to the extent they contain control frameworks regarding certain general risks for which certain main principles of conduct, such as the Corporate Sustainability Division with regards to their responsibilities related to the human rights risk have been approved.
- **Third line, the risk division,** which reports to the Internal Audit and Risk Division and is configured as an independent function, responsible for leading the design and implementation of the Comprehensive Risk Control and Management System for the identification and management of the material risks faced by the Group's companies.

This structure ensures robust, traceable management that is aligned with the principles of sustainability, ethics and respect for human rights, including due diligence in the supply chain.

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<sup>7</sup> The Three Lines Model was developed by the Institute of Internal Auditors (IIA) to help organisations identify the structures and processes that best facilitate the achievement of goals and promote sound governance and risk management. It is a continuous review and assessment process that ensures the implementation of due diligence in a manner that is commensurate with the characteristics of the company's business and the diversity and local specificities of the facilities in the different countries.

The main second-line specialist areas according to their areas of responsibility are: (i) the Group's Control Division, in its responsibilities relating to internal control and risk management systems related to the financial reporting process (Internal Control over Financial Reporting System, ICFRS), with the SAP environment; (ii) the Corporate Sustainability Division, in its responsibilities for internal risk management and control systems related to the sustainability reporting process, reputational risk, human rights impact risk and stakeholder relations; and (iii) the Compliance Unit, which is responsible for proactively overseeing the effective operation of the Compliance System.

In addition to the above, there are other organisations which, within the scope of their responsibilities, perform important expert functions related to internal control and supervision, including: the Environment Division, the Personnel and Organisation Division, the Corporate Security Division, the Procurement and Insurance Division, and the Legal and Tax Division.

The Risk Division, which reports to the Internal Audit and Risk Division and is configured as an independent function, responsible for leading the design and implementation of the Comprehensive Risk Control and Management System for the identification and management of the material risks faced by the Group's Companies.

## Integrating the human rights perspective in due diligence procedures

Iberdrola integrates a human rights perspective into its **due diligence** processes through a cross-cutting approach supported by various corporate systems and procedures, such as Compliance, Health and Safety, Environmental, Procurement and Cybersecurity. These processes are evaluated annually to ensure that they adequately cover risks and impacts from a human rights perspective, facilitating autonomous and efficient management within each area under an integrated vision.

### Integration of human rights management subsystems

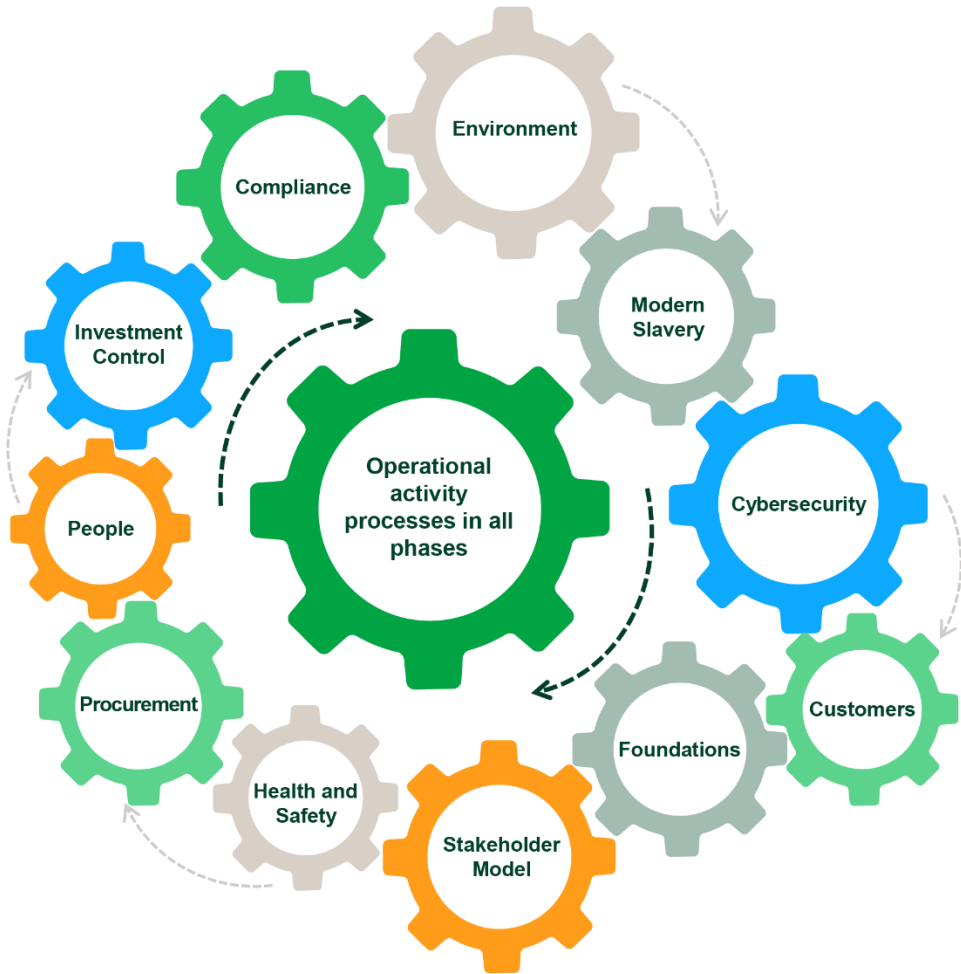


Figure. 7. Integrating the human rights perspective in due diligence procedures.

Due to its relevance, the Compliance System is described below.

### Compliance System

Transversally, the Group has a Compliance System, linked to the Board’s Sustainable Development Committee, 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 Ethical and basic principles of governance and sustainability, 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 of the organisation.

Among the essential elements the [Code of Conduct for directors, professionals and suppliers \[See PDF document. Opens in a new window\]](#) and the Compliance Unit, governed by the [Regulations of the Compliance Unit \[See PDF document. Opens in a new window\]](#) stand out. The Compliance System includes the continuous monitoring and detection of other non-financial compliance risks, such as those related to human and labour rights, harassment, cybercrime, the environment, the impact on society and the governance of the Group, with reputational implications (for further details, see the [Iberdrola Group Companies Compliance Systems Transparency Report 2024 \[See PDF document. Opens in a new window\]](#)). In general terms, the Group's Comprehensive Risk Control and Management System facilitates the early identification of risks and, when this is not possible, issues early warnings that enable decisions to be made to prevent and minimise the impact, should such risks materialise.

## Global coordination of processes and roll-out in subsidiary companies

The Iberdrola Group's governance model, as set out in the [Foundations for the definition and coordination of the Iberdrola Group \[See Iberdrola website. Opens in new window\]](#), is based on a decentralised structure that combines the operational autonomy of the business parent companies with strategic and organisational coordination at a global level. Iberdrola, S.A., as a holding company, is responsible for defining the Group's overall strategy, supervising compliance with it, and organising and coordinating the entire system. These duties are reinforced through the sub holding companies, which act as the institutional hub in their respective territories or business areas and, in turn, coordinate the parent companies responsible for the effective management and day-to-day running of business activities.

This model enables consistent implementation of the Group's policies and guidelines, including those related to human rights, ensuring their adaptation to local contexts. The Governance and Sustainability System applies to all Group companies, insofar as corporate policies are formally adopted by the sub holding and parent companies, or they develop their own policies aligned with the Group's principles and content. This structure facilitates the effective roll-out of human rights due diligence processes, ensuring responsible, coordinated management that is adapted to the operational reality of each territory.

# 3. Commitment to a just energy transition

**UNGP 11-14:** Corporate responsibility and **UNGP 18 – 19, 22:** Preventing, mitigating and repairing negative consequences on human rights and consulting stakeholders.

**CSDDD Articles 7, 10- 13:** Integration in policies and management systems; Prevention, removal, repair of potential adverse effects and constructive collaboration between stakeholders.

## Introduction

The energy transition towards a climate-neutral economy represents a historic opportunity to transform the production model, generate quality employment and advance social justice. However, it also poses risks and challenges related to human rights across industrial sectors. Inadequate planning or lack of due diligence can result in negative impacts both on the labour rights of company employees and workers in the value chain, as well as on the livelihoods, environment and property rights of the local communities, both through the closure of facilities and in the development of new projects. These impacts can be particularly severe for vulnerable groups, both for customers and in communities such as indigenous peoples or in countries with low levels of human rights protection. Furthermore, the extraction of minerals that are key to the energy transition poses additional risks that must be addressed with robust due diligence mechanisms to ensure a just, inclusive transition that respects human rights.

Accelerating climate action makes the concept of a **just energy transition** crucial: implementing policies and social dialogue frameworks to ensure no one is left behind, while protecting workers and creating quality jobs.

This framework should identify opportunities and foster collaboration among workers, governments, companies, investors and NGOs.

The importance of a just transition has been recognised on an international level by leading multilateral treaties and organisations such as the Paris Agreement, the 2030 Agenda and the ILO Guidelines for a just transition.

## Energy leadership and evolution of the business model

Iberdrola began its energy transition more than two decades ago, anticipating climate challenges and positioning itself as a leader in the sector, with a low-emission business model and the aspiration to achieve net-zero emissions by 2040. Since then, the company has completely phased out its use of coal, more than quadrupled its renewable capacity and reduced its emissions intensity by more than 80 %. The portfolio of assets that use gas for electricity generation is small and focused on providing backup services to the electricity system, ensuring continuity of supply.

Currently, in order to drive electrification, energy self-sufficiency, security of supply, employment and the fulfilment of its climate objectives, Iberdrola is focusing its efforts on strengthening electricity transmission and distribution networks, ensuring that the renewable energy it generates and stores reaches more and more people and industries.

On this basis, the current focus is not on carrying out the transition but on ensuring that its effects are socially just, lasting and globally aligned with human rights. The company is focusing its efforts on ensuring that the benefits of electrification and the green economy translate into shared prosperity, quality employment and sustainable development across territories.

## Just Transition

In its commitment to energy transition and the green economy, Iberdrola promotes an orderly, fair and inclusive transition driving economic and industrial development, as well as universal access to affordable and competitive energy. The principles of action are set out in the Governance and Sustainability System, and in Article 6.2 of the By-Laws, which states that "The Company recognises and seeks to obtain a social dividend consisting of the direct, indirect or induced contribution of value of its activities for all its Stakeholders". This principle is developed through specific policies such as the [General Sustainable Development Policy \[See Iberdrola's website. Opens in a new window\]](#), the [Stakeholders engagement policy \[See PDF document. Opens in a new window\]](#) and the [Human rights policy \[See Iberdrola's website. Opens in a new window\]](#).

Iberdrola integrates the principles of a just transition in that it rolls out its climate goals while committing to ensuring that **society as a whole - communities, workers, customers and employees in the value chain - are at the heart of its vision for a net-zero future**, ensuring that the benefits of the transition are distributed equitably.

In this way, Iberdrola becomes an economic and industrial driving force, favouring the creation of new lines of business and sectors for the future, thus contributing to the strength of the industrial fabric and the creation of new jobs associated with the green economy. Therefore, the company deploys resources, tools and projects that seek to maximise the social and economic opportunities of climate action, while managing potential impacts on communities, value chain employees, customers and workers.

A just transition involves respect for human rights at all stages of the project life cycle, from the decommissioning of fossil fuel assets, where applicable, to the planning, construction and operation of new grid, renewable or storage facilities. Engaging Stakeholders and maintaining an active dialogue with each stakeholder is key to ensuring respect for human rights in the framework of a Just Transition.

## Just Transition in action

A just energy transition is not just a corporate principle but an active practice that Iberdrola implements across all areas of activity. Iberdrola has rolled out multiple initiatives to ensure that the benefits of this transition are distributed equitably among its main Stakeholders, while preventing and mitigating any potential adverse impacts on human rights. Iberdrola therefore emphasises inclusive transition policies, advocating for affordable energy cost reductions, youth employment in the green economy and human rights guarantees in energy legislation. Its collaboration with UNICEF to promote training and employability for vulnerable young people exemplifies this commitment.

The main indicators and initiatives are listed below. Additional information on these can be found in the section [“Integration, prevention and mitigation of potential adverse impacts”](#) [See the relevant section of this document].

### Commitment and driving the energy transition

- Politics and the Climate Action Plan 2030.
- Decommissioning of all coal-fired power plants since 2020.
- Over 44,000 MW of installed capacity in 2024.
- Zero net emissions target in all scopes (1, 2 and 3) before 2040.
- Investment commitment: €58 billion from 2025 to 2028, two-thirds of which will be allocated to transmission and distribution grids.
- Presentation of the Climate Transition Plan before the UN, focusing on Just Transition.
- Advocacy in Just Transition: signing the *Just Transition and Decent Jobs Pledge* (The B Team), adherence to the commitment letter at the UN’s General Secretary’s Summit (2019), participation in forums such as the *UN Global Compact Think Lab on Just Transition*, *PCCB Network* (UNFCCC), *Energy for a Just Transition* (BSR and The B Team).
- Strategic alliances to accelerate electrification and the use of renewable energies. **AEDIVE, Q-Cero, Amazon, BP, MAPFRE, Mercadona**, among other.

### Transition employment and training: creating opportunities

- Staff of 42,208 people, with 99.7 % of permanent contracts.
- 3,898 new hires, of which 47 % were young people under 30 years old.
- More than 3 million hours of training delivered, including specific programmes for women, young people and vulnerable groups.
- Programmes to identify and address skills gaps such as *Reskilling for Employment* (R4E) and *People Plan 2024–2026*.
- Training centres in transition areas such as the town Muelas del Plan.

- Alliance with UNICEF (Spain, Brazil, Somalia) to promote training and employability among vulnerable young people, strengthening their skills to access employment in the green economy.
- School for (female) electricians (Brazil) and the local STEM scholarship programme.
- *EDGE Move* certification.

### Communities with a future: supporting local development

- Innovation and innovation in green employment programme in areas affected by the coal-thermal power plants, such as **Lada**, **Velilla** and **Longannet**, fostering entrepreneurship and community participation and circular economy. For more information, please see [Platform results report \[See PDF document. Opens in a new window\]](#).
- The CONVIVE programme aims to align renewable energy with biodiversity and rural development, as in Paredes de Nava (Palencia, Spain), where the installation of wind farms has boosted repopulation.
- Participation in oversight committees for the Just Transition Agreement (Spain).
- Collaboration in multi-stakeholder initiatives aimed at enhancing participation in situations of heightened vulnerability.
- Environmental and social impact assessments (EIA/EIS) carried out at 100% of relevant facilities.

### Responsible value chain: building sustainability

- €18,000 million in supplies to 19,000 direct suppliers.
- 96 % of the volume awarded has been assessed from a sustainability perspective.
- 87.9 % of our main suppliers awarded contracts meet ESG criteria and are subject to sustainable development policies and standards.
- Social audits carried out in sensitive sectors such as photovoltaic, timber and transport (48 audits in 2024).
- Working group active since 2023 to monitor the risk of forced labour in the supply chain for solar panels.
- Technical and digital training programmes for suppliers, especially in countries with lower institutional capacity.
- Strengthening of ethical and complaint reporting channels, accessible to employees, suppliers and third parties.
- Participation in sector initiatives such as *Solar Stewardship Initiative*, *WindEurope* and working groups on forced labour.

## Protected customers: fair and accessible energy

- The “Electricity For All” programme” to provide access to energy to 16 million people for 2030.
- Rural electrification in Brazil (€55 million invested by Neoenergia Coelba) and access to solar energy in Mexico through the "Lights of Hope" programme.
- Social tariffs and protective measures for vulnerable customers (the Bono Social discount in Spain, the Warm Home Discount in the United Kingdom and other programmes in the United States).
- Priority Services Register at ScottishPower (United Kingdom).
- Flexible payments and prevention of service cuts for vulnerable groups.
- Educational campaigns on the safe use of electricity and accident prevention.
- Continuous improvement in the quality of supply and customer service.



### Promoting Just Transition in the closure of its last fossil fuel-based energy assets - coal

Iberdrola España part of the [Agreement for a just energy transition for thermal power stations undergoing closure: employment](#) [See PDF document. Opens in a new window], the industry and the territories. The objective of the Agreement is to maintain employment in the territories and boost their economic and industrial activity, minimising negative impacts through accompanying and reactivation measures.

To avoid the loss of jobs that could result from the closure of the Lada and Velilla plants, Iberdrola España has launched various green transformation plans in these regions. These plants include investments in renewables, the creation of citizen platforms, circular economy projects and stimulation of business and local jobs using green principles, innovation and support for local entrepreneurship.



### **Alliance with AEDIVE for the electrification of heavy road transport in Spain**

It is the first alliance that brings together all the sectors involved in the electrification of heavy road transport with the aim of accelerating the electrification of trucks in order to reduce CO2 emissions and combat climate change.

The aim is to establish a strategic collaboration between its members and to position Spanish industry as a driving force in electrification, more specifically in road freight transport. This Iberdrola proposal for electrifying transport contributes to its promotion of Just Transition.



Iberdrola España has started up Spain's first solar community for the entire town of Cedillo in Cáceres. Local residents and traders will be able to save the equivalent of 50 % of their annual consumption on their bills.

Furthermore, the Company has developed and continues to develop multiple actions under the framework of the Biodiversity Plan and CONVIVE programme in Spain, which integrates all initiatives and alliances for the coexistence of renewable energies and their contribution to socio-economic development and biodiversity conservation. One example from 2024 is the collaboration with the town council of Paredes de Nava (Palencia), where the development of two new wind farms has in turn driven the initiative by the *Oficina de Repoblación* (repopulation office) that has attracted 120 new residents in two years.



Iberdrola España promotes the creation of opportunities in the photovoltaic sector through a specific training initiative pioneered in Spain for unemployed people on the westernmost slope of the mountains of the Palencia area, while supporting the local economy. In addition, an Iberdrola training centre was opened in the town of Muelas del Pan.

## Emerging challenges in the global Just Transition

Despite progress, the energy transition poses structural challenges that require collaborative action involving public administration, legislators, civil society and private initiative:

- **Electrification of the economy**, moving away from fossil fuels with a special focus on areas where competitive solutions already exist: domestic and industrial heating and cooling below 400 degrees, mobility etc. and ensuring socio-economic development through investment in grid network infrastructure.
- **Decarbonisation of the international supply chain**, especially in sectors that heavily rely on use of critical minerals and technological components.
- **Fair working conditions** in countries with insufficient human rights protections, where due diligence is reinforced and collaboration is strengthened with suppliers manufacturing equipment for electrification etc.
- **Effective community participation** in energy or industrial projects involving changes in land use, access to natural resources or transformation of the environment.
- **Clean and competitive energy** in regions with limited infrastructure, where Iberdrola drives decentralised solutions such as self-consumption and storage, and through public-private partnerships to promote renewable energy projects.

A just transition is, therefore, a shared responsibility between businesses, governments, workers, investors and communities.

Iberdrola addresses these challenges through its **Human rights due diligence processes and procedures**, its **Responsible procurement model** and **Global stakeholder dialogue**, and will continue to strengthen its governance systems, operational policies and accountability mechanisms to ensure that technological and environmental progress also translates into social progress.

# 4. Stakeholder engagement

**UNGP 18 and 20:** Meaningful consultation with potentially affected groups and other relevant stakeholders in the identification and assessment of impacts and monitoring of measures

**CSDDD Article 13:** Constructive stakeholder engagement.

## Global Stakeholder Engagement Model

Iberdrola has a responsible and sustainable business model, which places the group's stakeholders at the centre of its decisions. Therefore, the company's aim is to build relationships of trust with the different Stakeholders, as well as to deepen their participation, involvement and collaboration. The [By-Laws \[See PDF document. Opens in a new window\]](#), the [Purpose and Values of the Iberdrola Group \[See PDF document. Opens in a new window\]](#) and the various corporate policies express the company's focus on the creation of sustainable value for the Stakeholders related to the business activity and the institutional reality in accordance with the commitments assumed in the Code of conduct.

In this regard, the [Stakeholder Engagement Policy \[See PDF document. Opens in new window\]](#) further develops this business philosophy and establishes five goals and seven principles of action, which serve as a guide for all the group's professionals to act and relate to its Stakeholders. Iberdrola promotes compliance with this policy through the [Global Stakeholder Engagement Model \[See Iberdrola's website. Opens in a new window\]](#), based on the AA1000 Stakeholder Engagement Standard 2015 (AA1000SES, 2015), the AA1000 Accountability Principles 2018 (AA1000AP, 2018), and its four principles of inclusivity, relevance, responsiveness and impact.

**In this way, Iberdrola has a complete Stakeholder management system in place, subject to an ongoing improvement process, which allows it to increasingly and better involve all of the groups with which it has dealings in order to encourage their participation in the Company's decisions. Proof of this is the fact that Iberdrola is a leader in *leaders in stakeholder engagement and community relations in the Dow Jones Best-in-Class Index*.**

The [Stakeholder engagement policy \[See PDF document. Opens in a new window\]](#) and the [Global Stakeholder Engagement Model \[See Iberdrola's website. Opens in a new window\]](#) are the framework guiding its meaningful commitment to stakeholders.

The [Stakeholder engagement policy \[See PDF document. Opens in a new window\]](#) providing the framework for the engagement of Iberdrola Group companies with their respective stakeholders in their activities and operations, mainly to keep driving their involvement in the company's business project, keep responding to Stakeholders' interest and keep building their trust.

This policy is reviewed on an annual basis and was last updated in March 2025. The latest revisions focused, among other, on renovating key stakeholders for the company and updating their segmentation in several subgroups. This new segmentation took into account human rights considerations, among other criteria. The new categories allow for a better identification of the affected groups and their human rights-related qualities. Thus, new stakeholder subgroups have been added: "Defenders of human rights and the environment", "Vulnerable groups and their representatives", "workers and communities in the value chain", "migrant peoples" to add to other key groups - rights-holders already included in the previous segmentation.

Meanwhile, the [Global Stakeholder Engagement Model \[See Iberdrola's website. Opens in new window\]](#), which is based on this policy, has as its main objective to provide concrete responses to the legitimate needs and expectations of Stakeholders. The value chain configured by Iberdrola's businesses means that these groups are very numerous, for which reason the company groups into different categories.

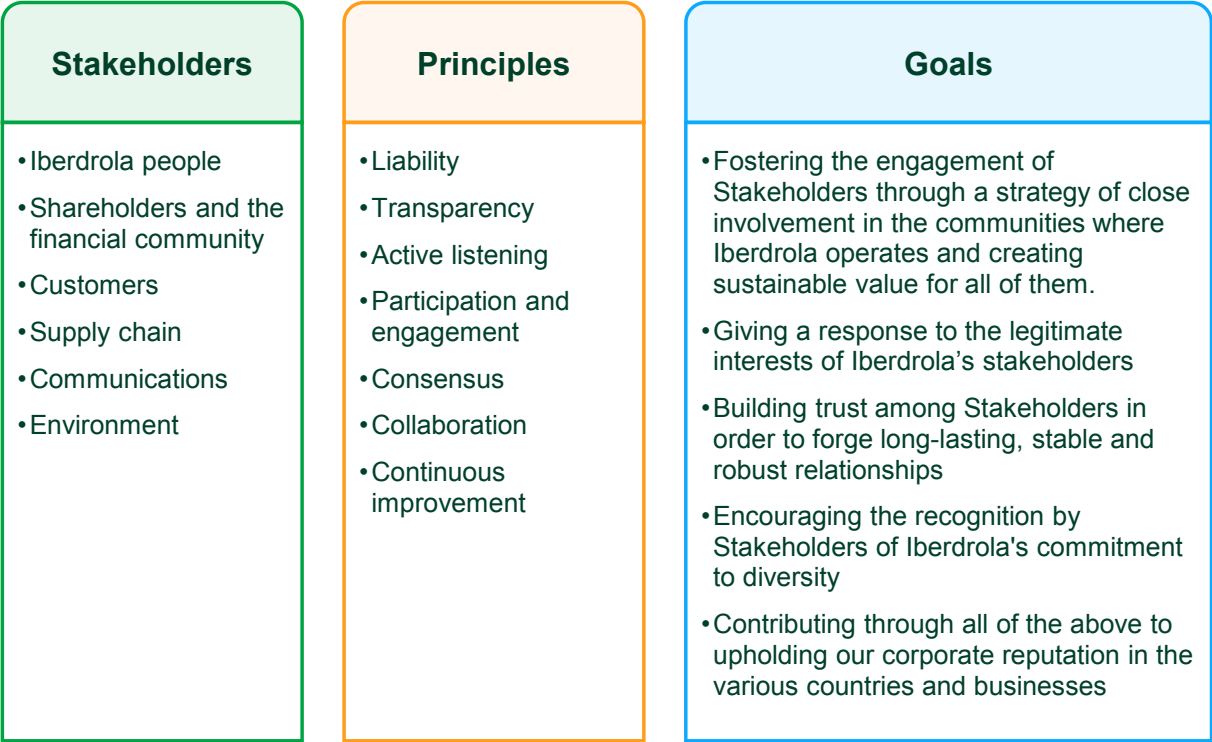


Figure 8. Stakeholders, principles and goals in the relationship with Stakeholders.

Among other goals, this model seeks to systematise relations with Stakeholders throughout the Iberdrola Group, in all countries and businesses, and favours the establishment of relations with suppliers and other Stakeholders in order to improve the strategy for the prevention and mitigation of human rights risks. The Model is an on-going improvement process in itself, in accordance with the following figure:

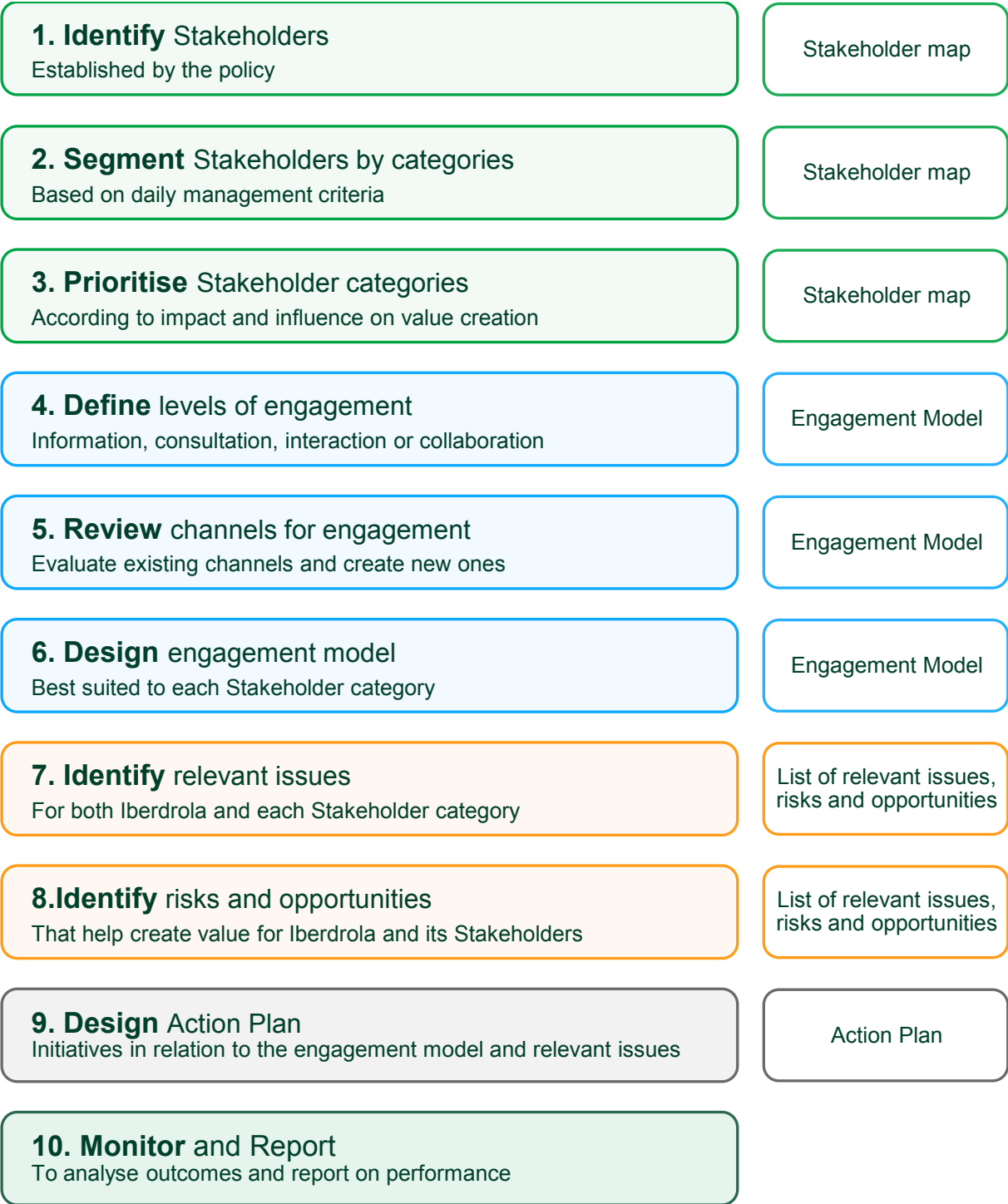


Figure 9. Stakeholders' engagement model ensuring on-going improvement.

This process of continuous improvement is implemented in the management of Iberdrola's six Stakeholder Groups, at global level in the corporate areas, as well as in most of the generation facilities and the Sustainable Energy business, as well as in the various geographic areas of the Networks business with varying degrees of deployment. The purpose of this Model is for all of Iberdrola's areas and businesses to have an in-depth understanding of their Stakeholders; to have appropriate channels of communication with them; to analyse the needs and expectations and impacts on them; and to establish appropriate action plans that minimise and mitigate such potentially negative impacts and maximise the potentially positive ones (and associated risks and opportunities for the Company).

It should be noted that the Model approaches the concept of impact from three different perspectives:

- the impact, whether adverse or positive, of material matters in stakeholders. This last issue was introduced in the Model, taking into account the latest reporting trends and standards.
- the impact of action plans expected on Stakeholders; and
- the potential impact on Iberdrola of reputational risks.

Furthermore, Iberdrola identifies material aspects for its Stakeholders and for the company itself by conducting a double materiality assessment, a process through which the organisation identifies relevant information related to incidents (impacts), risks and opportunities (IROs) related to sustainability issues, carried out with independent advice and through consultation with internal and external sources.

The double materiality analysis process in 2024 was led by the Sustainability Division with the aim of conducting a comprehensive assessment of double materiality and ensuring the integration of the results of the process into the sustainability report, facilitating coordination between all key areas. The [Consolidated Non-Financial Information Statement \(EINF\) and Sustainability Information \[See PDF document. Opens in a new window\]](#) describes the double matrix process and its results.

In addition, Iberdrola's measures to consolidate the internal culture regarding the importance of relations with Stakeholders throughout the Group include the global working group called the **Iberdrola Stakeholders' Hub** for the internal dissemination and exchange of best practices and lessons learned on how to relate to and engage Stakeholders, as well as updates on matters of interest for the members of the Stakeholders' Hub. In this regard, in 2023, the concept of Stakeholder impact was further explored and in 2024, the International Finance Corporation (IFC) from the World Bank was invited to explain the relevance of stakeholder engagement in the development of IFC-funded projects.

### Focus on local communities:

To ensure that the principles relating to respect for human rights are effectively applied in all Group companies, and the correct allocation of the associated responsibilities in the subholding companies, the teams that liaise with local communities have been strengthened, especially in areas of potential impact, through training, communication of good practices, and coordination with the Sustainability teams of the subholding companies and the corporation. Actions in these areas have taken place in the renewable wind farm business in Brazil, in the acquisition of new wind farms in Poland, or Iberdrola Australia. This responsibility includes:

- Identifying potentially salient issues.
- Analysis of the components of the Human rights due diligence system and documenting them. Maintaining relations with local and indigenous communities.
- Guaranteeing the existence of participation channels, procedures and reporting.
- Implementing mitigation and compensation measures.

## Procedures to collaborate with Stakeholders in human rights matters

Iberdrola keeps the channels for relations with its Stakeholders up to date and makes an ongoing effort to identify the most important matters for each of them. An analysis of these issues reveals that, although there are issues unique to each geography, most are common to the countries where Iberdrola operates. In addition, the company identifies good practices carried out in relation to the Stakeholders, which are shared by the whole Group.

Specifically, Iberdrola brings together its human rights conversation as follows with respect to its main Stakeholders (employees, communities, suppliers and customers):

### People

Group employees have access to a series of processes and mechanisms that ensure continuous interaction, both directly with their own colleagues and with worker representatives. The most relevant are the trade union dialogue through the labour relations management model (see section on [Trade Union \[See the relevant section of this document\]](#)), Workplace climate surveys and Focus groups, the continuous improvement plan for the employee experience and employee suggestion boxes. All these tools are essential for continuously gathering information on employees' opinions and needs, ensuring that their voices are heard and considered in decision-making. The importance of these direct communications lies in their ability to create a more inclusive and engaging work environment, where every employee feels valued and respected.

The frequency of communications varies significantly depending on the topic and the group involved.

**Iberdrola people**

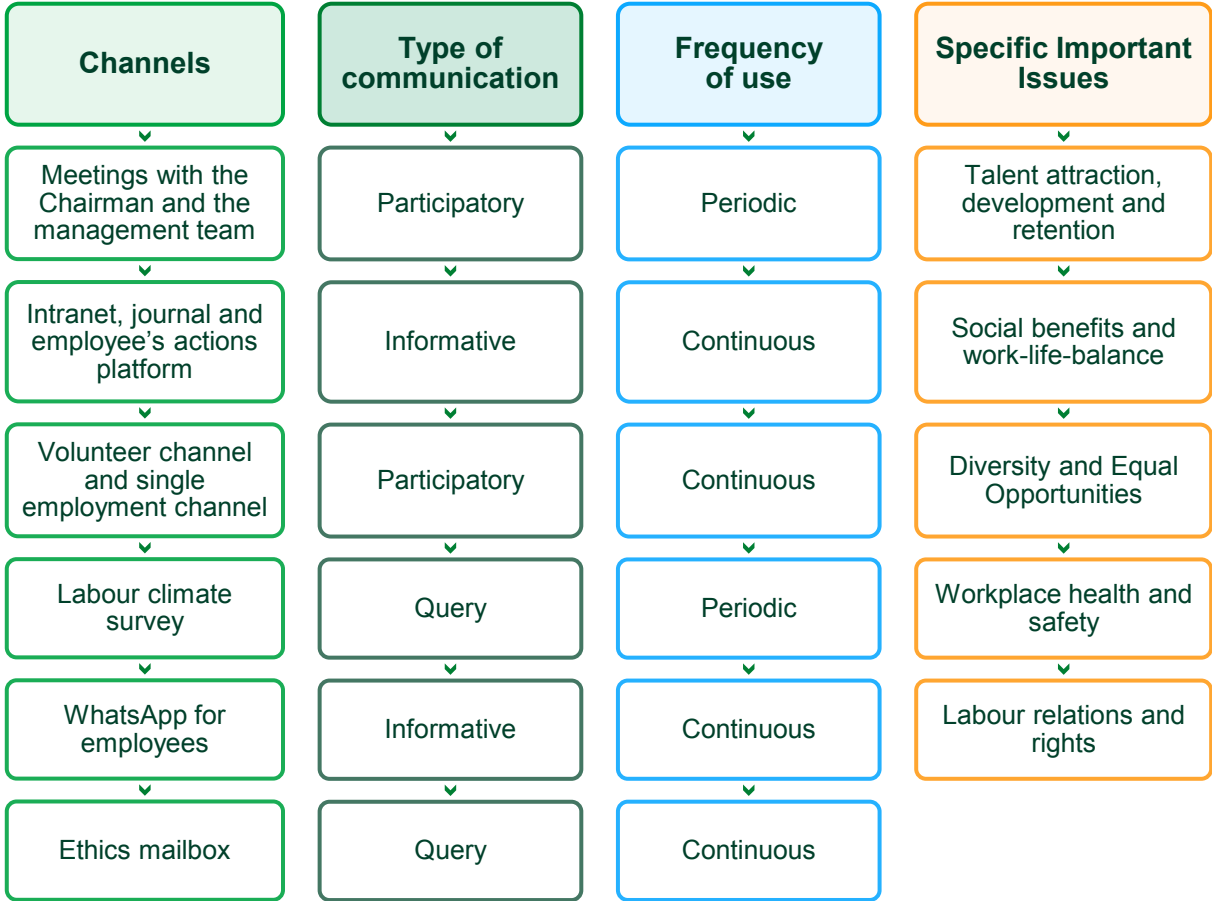


Figure 10. Stakeholders channels and matters of interest People.



### **Communication on Occupational Health and Safety:**

The Iberdrola Group companies favour a culture of communication, consultation, and participation on issues relating to occupational health and safety. This goal is achieved through the dissemination of prevention plans, the creation of joint and group Occupational Health and Safety Committees, their regular meetings, the use of formal and informal consultation channels by professionals, training plans on occupational health and safety, general reporting and query procedures, qualified professionals boards, strategic safety meetings, the use of the corporate intranet and other means such as magazines, screens on building floors, among others. For further details, please check the [Consolidated NFIS report and the Sustainability information 2024](#) [See PDF document. Opens in a new window].

### **Workplace climate surveys and Focus groups:**

Throughout 2024, pulse surveys have been carried out at various points in the life cycle of salaried employees, such as onboarding (obtaining satisfaction scores of 9) and People Review (implemented performance evaluation model), with the aim of making improvements for the next cycle and understanding training needs in technical and skills aspects, international mobility and offboarding. After analysing the information, the results were communicated to both management and salaried employees, and action plans were drawn up, with participation from managers playing a key role.

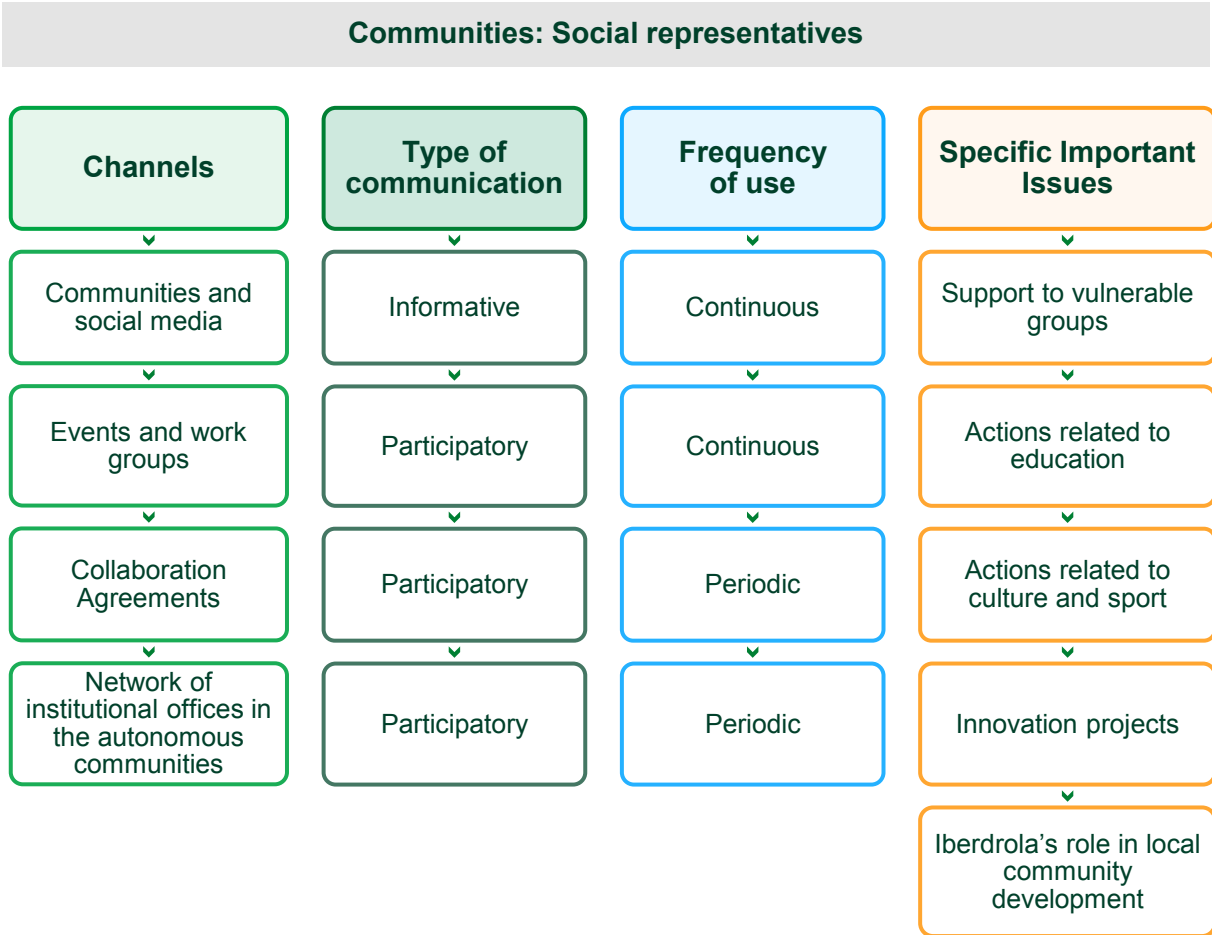
### **People's mailboxes:**

There are various suggestion boxes available within the People organisation where employees can make suggestions or enquiries confidentially. All contributions are analysed and individual responses are provided to queries, or general responses to suggestions, taking into account the specific characteristics of the different sub holding companies.

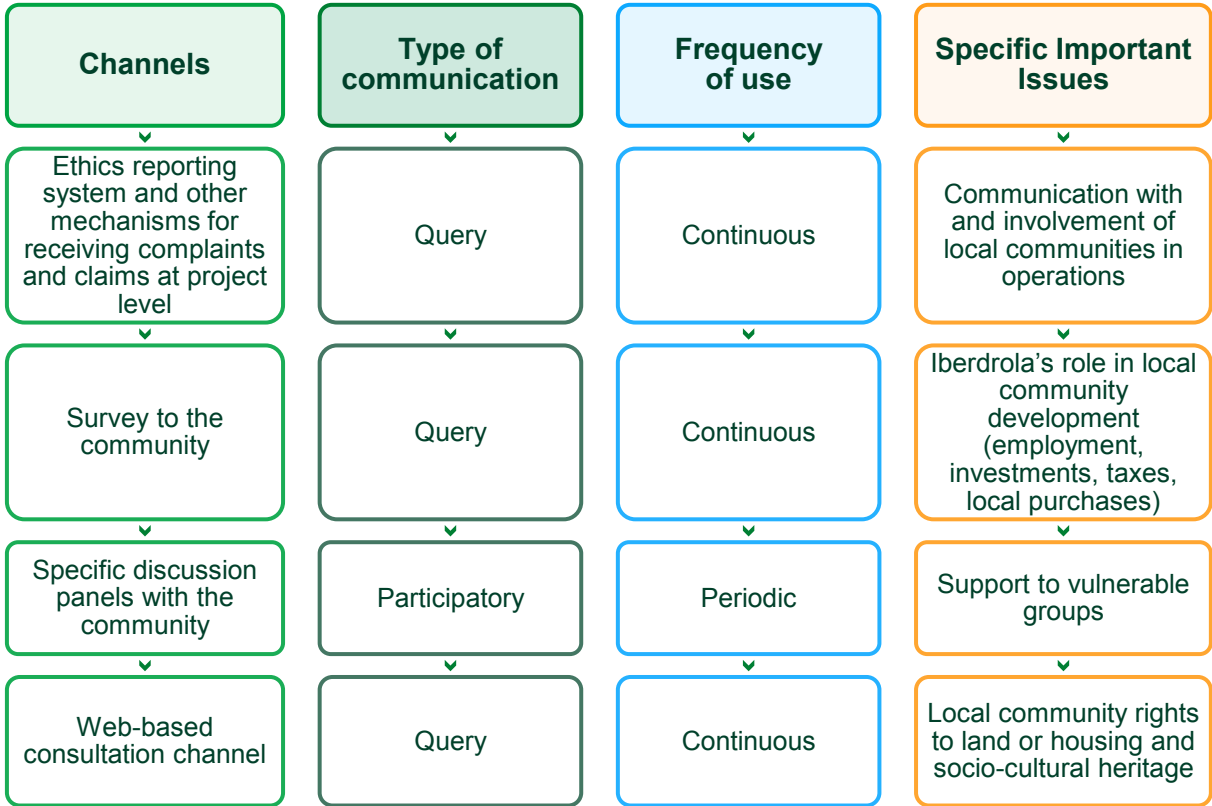
# Communities

Regarding **communities**, the company maintains relationships with communities during all phases of a project (as well as with local authorities and other relevant groups). Furthermore, the company establishes dialogue channels through which the communities can send any doubts, complaints, requests of information, requests regarding impacts, or other concerns or suggestions. Although the specific queries may vary depending on the country and the type of installation, the rights of indigenous peoples receive particular attention. Work is being carried out to reform and formalise communication channels as well as relations with the communities around the facilities, as essential areas to identify real and potential risks and measure the effectiveness of due diligence of the impacts on the human rights of the communities.

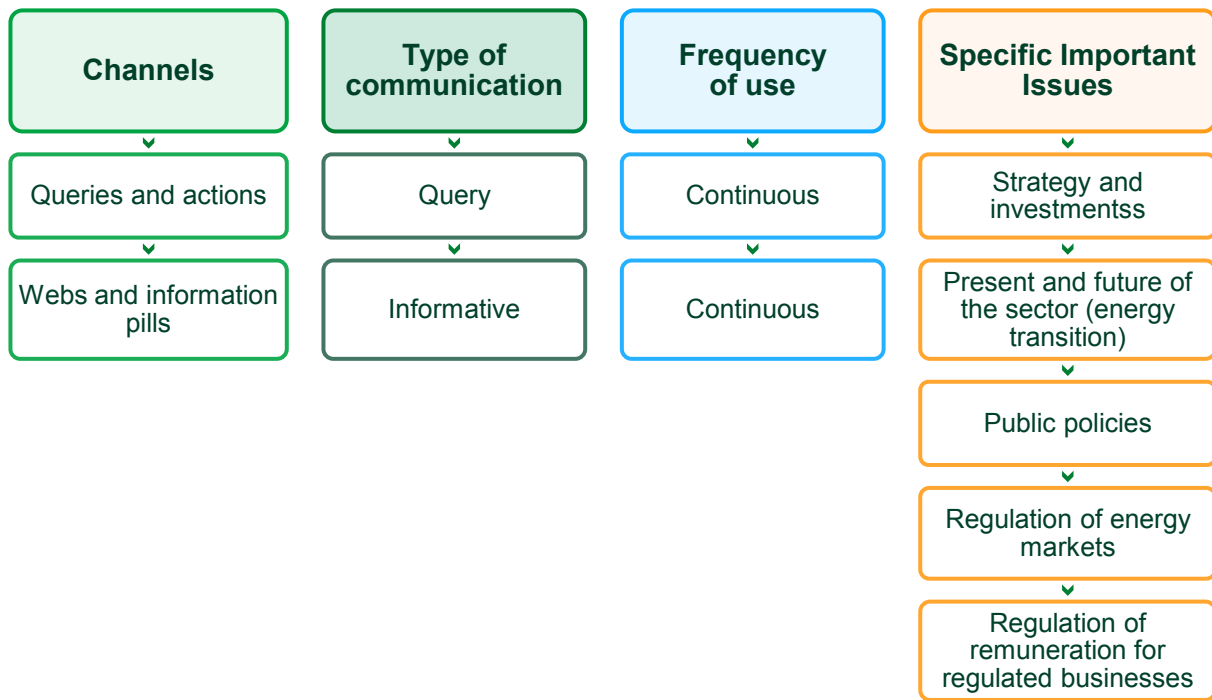
## Communities



**Communities: People affected by facilities**



**Communities: Regulatory entities**



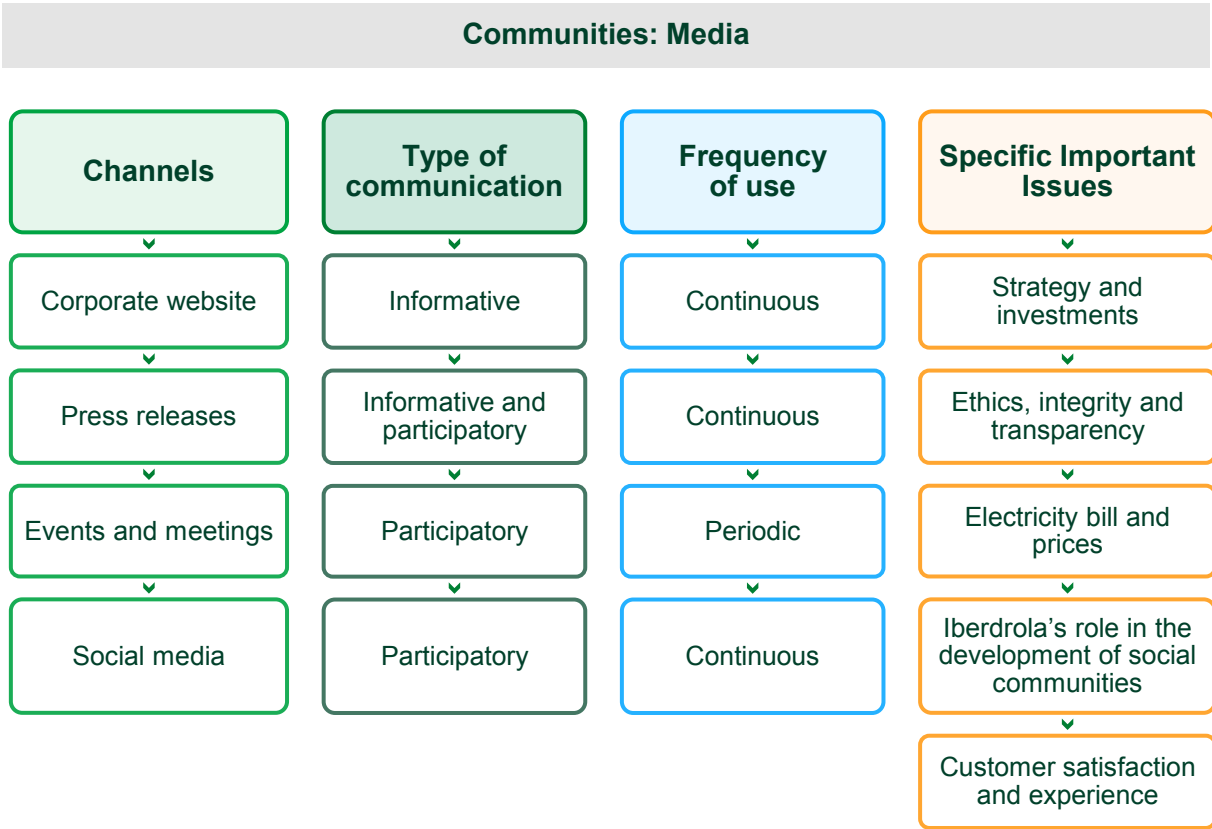



Figure 11. Stakeholders channels and matters of interest Communities.



Iberdrola has developed a **Social Management and Community Relations Procedure (SMCP)** for application in the operations of the Group's companies. The procedure aims to ensure minimum standards for the management, assessment and documentation of social impacts, incorporating the community perspective and the benefits of operations at the different stages of a project (development, construction, operation and maintenance, decommissioning, divestment). It also aims to develop and implement, when necessary, Social Management Plans (SMPs) to prevent and/or mitigate and/or compensate for such risks and impacts, following the World Bank's international standard methodologies. This procedure complements the already strict local regulations, helping guide discussions with Stakeholders, strengthening social management and enabling open and inclusive two-way communication spaces. This procedure involves digital tools that support documentation for management and communication, currently in the implementation phase.



ScottishPower Energy Networks (SPEN) conducts stakeholder engagement exercises with communities, landowners and other local stakeholders at every stage of the development of transmission infrastructure projects. Participation in the prior consent application stage is reported by the publication of the preferred route for new OHLs or the site for substations, supported by a routing and consultation document. This is supported by community engagement events, individual meetings with landowners and community and parish councils. SPEN has also published its Land Code of Conduct, setting out its commitments to engage with current and future landowners of the land where assets are located. This covers access to land, works on the land, compensation for damages and details on the easement and easement permit process.

Another fundamental element in the community relations strategy is **community investment**. Iberdrola By-Laws, in Article 6.2, state "The Company recognises and seeks to obtain a **social dividend** consisting of the direct, indirect or induced contribution of value of its activities for all its Stakeholders [...]". By applying this principle, the company makes an important social contribution which, among other activities, is manifested in various sponsorship, patronage, investment and support activities for the local community.

Given the importance of these programmes, they are managed by various entities of the Group, such as subsidiaries or the various foundations of the Iberdrola Group. In all cases, these organisations conduct social contribution programmes in line with the corporate business strategy by implementing them in the communities where the company is present. This social investment activity should be carried out in accordance with the engagement principles set out in the Stakeholder Engagement Policy and the Social and Community Relations Management Procedure (in Spanish, SMCP). One of the most iconic and ambitious programmes in this field is the ["Electricity for all programme \[See Iberdrola's website. Opens in a new window\]"](#).

Iberdrola has selected the Business for Societal Impact (B4SI) model for measuring and evaluating corporate contributions to the community, due to its wide international recognition. It is considered the most highly valued standard for measuring the results and impact of social programmes, both for the company and for the community. This standard only recognises projects that involve voluntary contributions, with a social or environmental protection purpose, non-profit in nature and not restricted to groups related to the company. According to this model, the total contribution to the community in 2024 amounted to €56.7 million.

## Suppliers

The relationship with **suppliers** is based on constant dialogue, including satisfaction and self- assessment surveys and other communication channels, within an environment of support and collaboration in improvement programs that seek to guarantee respect for human rights in Iberdrola's supply chain.

**Supply chain**

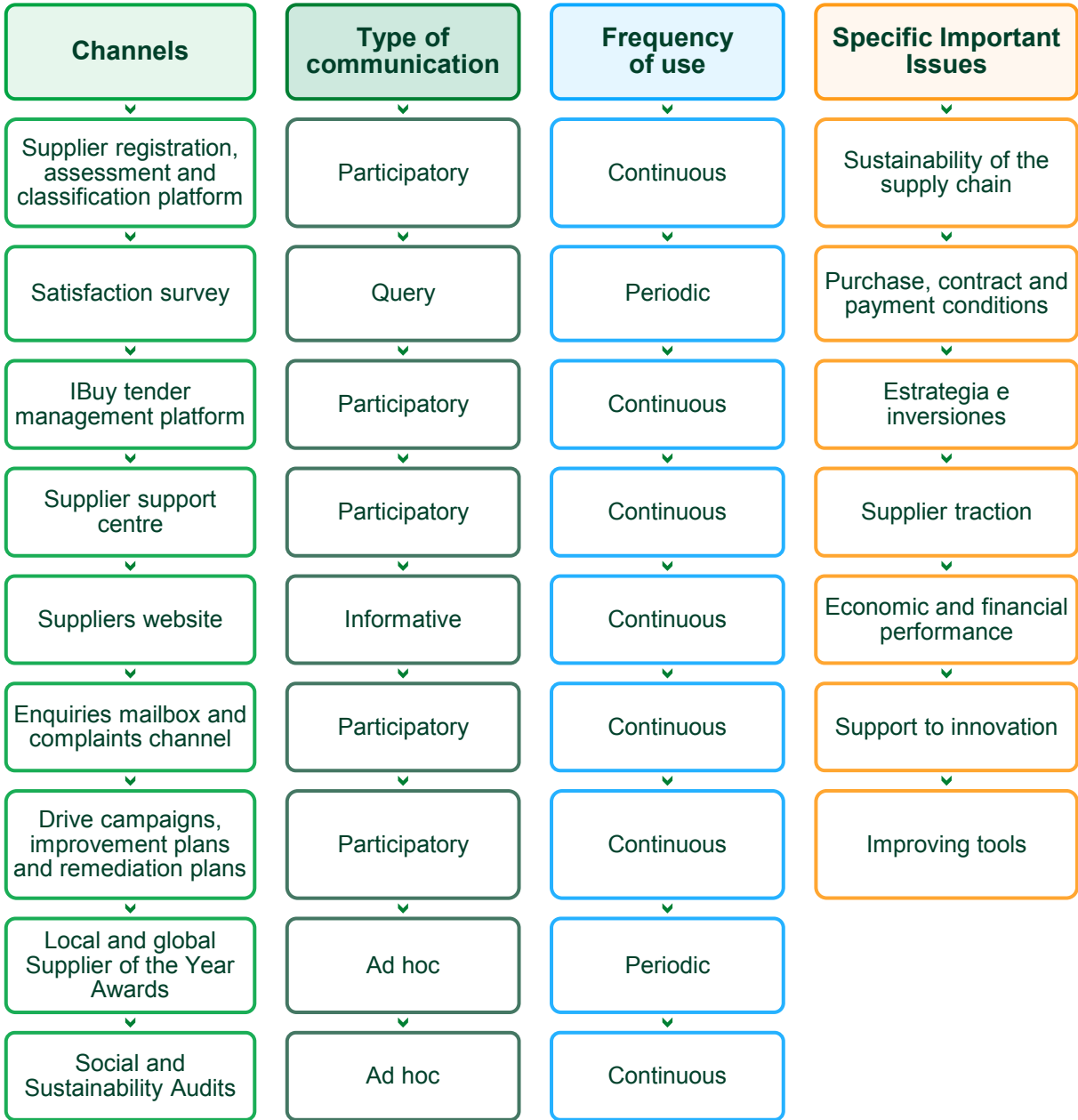


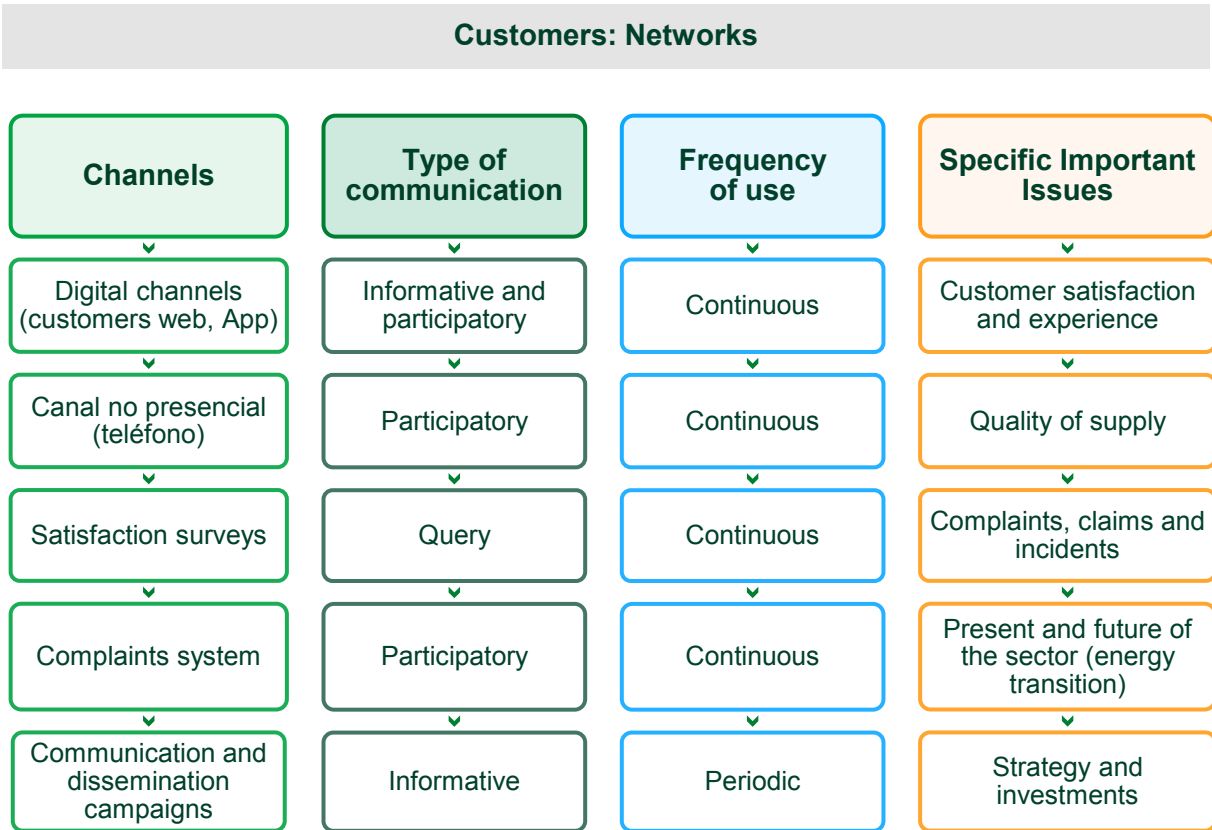
Figure 12. Stakeholders channels and matters of interest Supply Chain.

More information on these channels and procedures in the [Integration, prevention and mitigation of potential adverse impacts](#) [See the relevant section of this document] section.

## Customers

Iberdrola structures its relationship with **customers** from a perspective of respect for human rights, accessibility and inclusion, in line with its commitment to sustainability and the creation of shared value. The company has multiple customer service channels that enable direct, accessible and effective communication. These include telephone support, digital platforms, physical offices and online forms, which facilitate the receipt of enquiries, complaints, suggestions and requests for information. The management of these interactions is conducted in accordance with set criteria relating to transparency, fairness and respect for consumer rights. Various mechanisms are also available, such as panels, customer satisfaction surveys, regulator surveys etc., to measure satisfaction and gather feedback, verify compliance with quality standards in service and sales channels, and furthermore, implement suggestions for improvement. Finally, the Group's companies have also implemented measures to acquire knowledge and understanding of the perspectives of consumers or end users who are particularly vulnerable to incidents or at risk of social exclusion. These are detailed in the section on [Complaint and grievance mechanisms \[See the relevant section of this document\]](#) and in the [Consolidated Non-Financial Information Statement \(NFIS\) and the Sustainability Report \[See PDF document. Opens in a new window\]](#).

### Customers



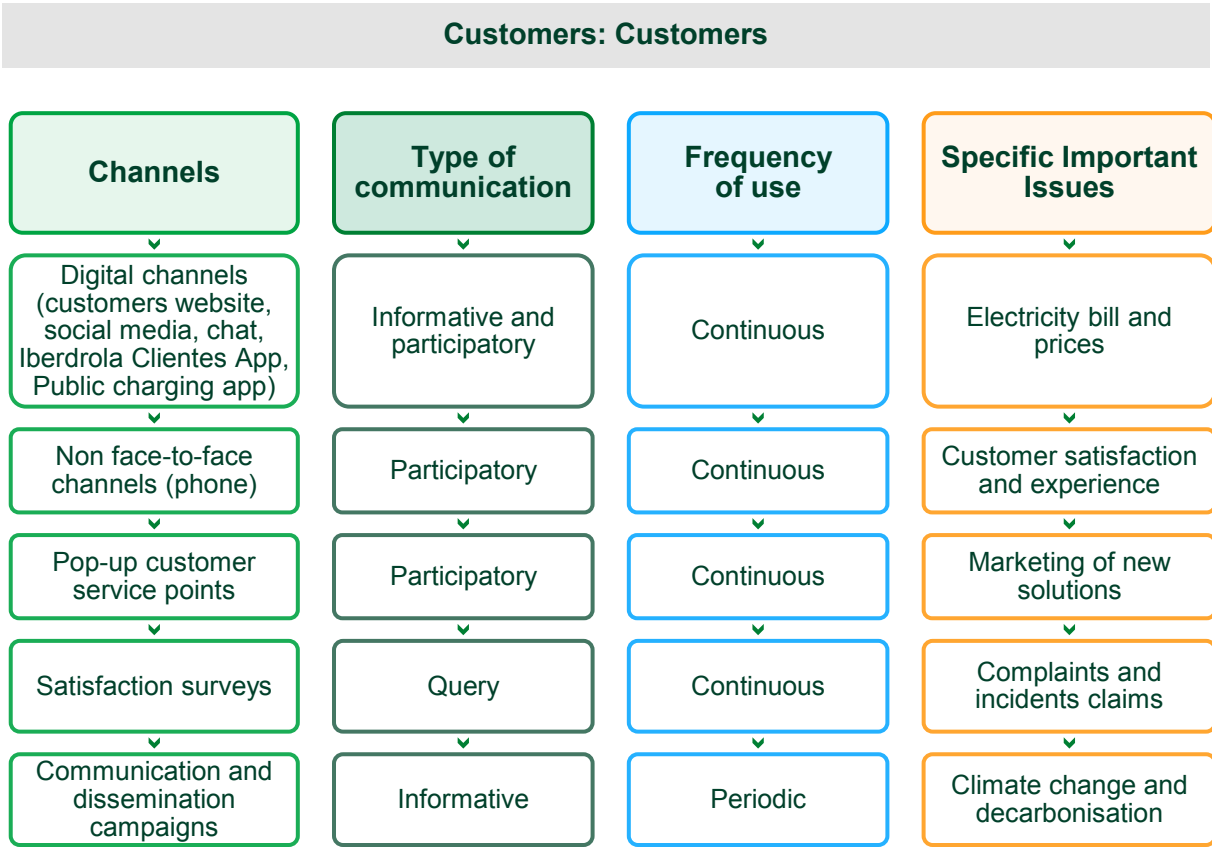


Figure 13. Stakeholders channels and matters of interest Supply Chain.

## Protection of human rights in our public affairs activities

Iberdrola is regularly present in public and private associations, it participates in public consultation processes, and maintains contact with public administrations. This engagement is governed by the compliance with the laws in each country, as well as the internal policies and rules in Iberdrola, among which the following are to be noted:

- [By-Laws \[See PDF document. Opens in a new window\]](#).
- [Purpose and Values of the Iberdrola Group \[See PDF document. Opens in a new window\]](#)
- [Code of conduct for directors, professionals and suppliers \[See PDF document. Opens in a new window\]](#)
- [General Sustainable Development Policy \[See Iberdrola’s website. Opens in a new window\]](#)
- [Stakeholder Engagement Policy \[See Iberdrola’s website. Opens in a new window\]](#)
- [Human rights policy \[See Iberdrola's website. Opens in a new window\]](#)

- [Anti-corruption and anti-fraud policy \[See PDF document. Opens in a new window\]](#).

In said activities, Iberdrola undertakes to follow and promote the basic principles of legality, loyalty, trust, professionalism, collaboration, reciprocity and good faith.

In line with its strategy, one of the most salient issues that Iberdrola addresses in its public activity is its role as a driver of (1) electrification in all sectors; (2) massive investments in renewable energy and energy infrastructure with the aim of tripling global renewable energy capacity by 2030; and (3) the adoption of a just, affordable and safe energy transition that generates jobs and industrial opportunities. In this regard, Iberdrola promotes the approval of goals and frameworks for climate policies aligned with the Paris Agreement from an ambitious perspective that creates value for society as a whole.

## Our statement

**The Iberdrola Group is firmly committed to sustainable development, respect for and defence of human rights, and the fight against climate change.**

Iberdrola is a long-term responsible social and economic transformation project that puts people and the preservation of the planet at the centre of its decisions and works towards a more prosperous, fair and sustainable society. In this regard, Iberdrola is committed to the Sustainable Development Goals, Human Rights and the Environment.

We are leading the way towards a zero-emissions future, working to achieve carbon neutrality for scopes 1 and 2 by 2030 and net zero emissions by 2040 for all scopes, including scope 3 (expressed in CO<sub>2</sub>-eq.). Iberdrola's long-term strategy is fully aligned with the Paris Agreement's most ambitious scenarios.

To achieve our emission reduction goals, we will continue to promote and lead a business model aligned with a decarbonised future, driving investment and innovation in new technologies, while creating value for all Stakeholders and respecting the principles of a just energy transition.

We champion and promote collaboration between governments, institutions and organisations to accelerate the energy transition and decarbonisation of the economy. All our advocacy work is carried out in line with the objectives of the Paris Agreement, taking an ambitious approach to limit the rise in global temperature to 1.5°C above pre-industrial levels.

*Figure 14. Statement from Iberdrola S.A.*

Iberdrola participates, both at global level and in the countries in which it has a presence, in various entities and associations defending its business interests and those of its main Stakeholders.

As indicated above, the company decides on its participation in these organisations taking into account consistency with the Purpose and Values of the Iberdrola Group, among which fair energy transition, the fight against climate change, and the protection of human rights are of paramount importance.

The Company provides, through its website, information on its [Stakeholders, public affairs and transparency \[See Iberdrola’s website. Opens in a new window\]](#). It details the participation of the company and Group companies in national and international associations and public consultation processes, as well as contacts with regulatory bodies and financial contributions.

In 2024, the companies that make up the Iberdrola Group participated in 373 organisations, contributing to their support through the payment of membership fees and other items.

Below is the figure describing the distribution of financial contributions to the associations to which it belonged in 2024:

**Number of organisations based on the economic contribution made by the companies of the Iberdrola Group in 2024 (€)**

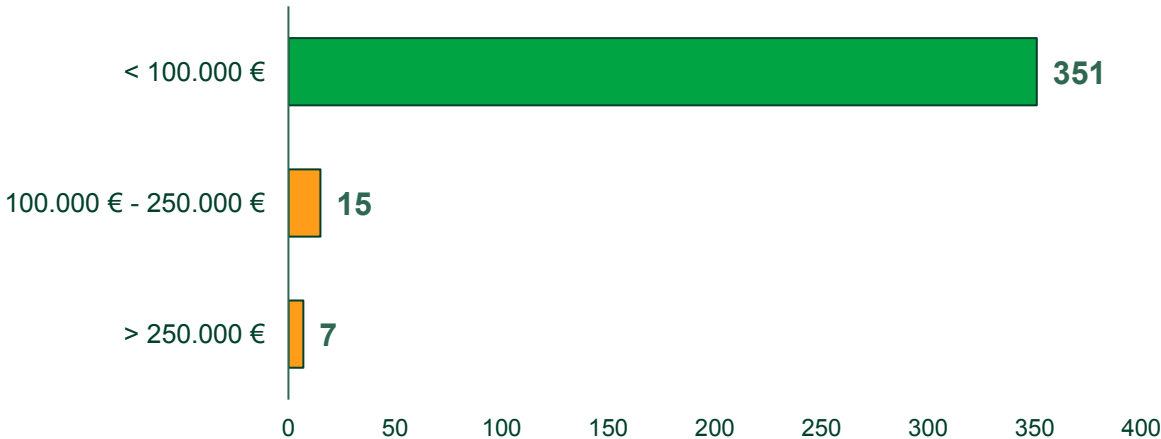


Figure 15. Distribution of economic contributions to the Group’s associations.

# 5. Human rights due diligence

**UNGP 17-14, 22 - 31:** Process to identify, prevent, mitigate and respond to negative impacts, integration into management, remediation mechanisms and measures, notification and grievance mechanisms, monitoring of effectiveness, and communication with affected parties.

**CSDDD Articles 7-16:** Identification, assessment and prioritization of actual and potential adverse impacts, integration into policies and risk management systems, prevention of potential adverse impacts, remediation or bringing actual adverse impacts to an end, constructive engagement with stakeholders, notification mechanism and grievance procedure and monitoring and communication.

Iberdrola views the Group's human rights due diligence as an ongoing, dynamic and cross-function process that enables identification and management of risks and impacts, be they real or potential, arising from its operations in all phases (planning, construction, operation, maintenance and closure of facilities), its commercial relationships and its value chain. It also involves two-way, transparent communication mechanisms for communication with Stakeholders.

For several years now, Iberdrola has implemented the Human Rights due diligence system and adopted a broad definition of human rights, which entails a great diversity of issues and potential impacts. Thus, the due diligence process is supported in several subsystems and procedures (i.e. Compliance, Health and Safety, Environmental, Procurement, Cybersecurity, among other). Annually, it is assessed that these subsystems adequately cover these issues from a human rights perspective. The ultimate goal is to facilitate autonomous and efficient management of each area from an integrated and cross-cutting vision.

This process is the operational pillar of the Policy on Respect for Human Rights and the Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group, and is applied across all areas of the Group, its subsidiaries and the investee companies under its control.



Figure 16. On-going due diligence procedure.

## Identification and assessment of actual and potential impacts

**UNGP 17-18:** Process to identify and assess actual or potential negative impacts on human rights and prioritize measures.

**CSDDD Articles 8-9:** Detection and assessment and prioritisation of real and potential adverse impacts.

Identifying and evaluating the real and potential adverse impacts on human rights is an essential component of Iberdrola's due diligence, in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and Directive (EU) 2024/1760 on corporate sustainability due diligence.

This ongoing process enables the Group to anticipate, prevent, mitigate and, where appropriate, remedy negative effects that may arise from its operations, commercial relationships or value chain.

Iberdrola takes a structured approach to identifying impacts on human rights based on three progressive analysis levels, in accordance with the UNGPs recommendations.

- Potential impacts for the sector, determined by country risk.
- Matters pertinent to the company, assessed according to criteria relating to severity, potential for remediation and degree of connection with the company's activity.
- Priority matters for which an action plan is established, particularly in relation to the elimination of due diligence failures, if applicable.

Potential impacts require prevention or mitigation measures (see [Integration, prevention and mitigation of potential adverse impacts \[See the relevant section of this document\]](#) section), while real impacts, that is, those that have already occurred, deserve being addressed with adequate remediation measures.

## Potential impacts by sector and country

Issues with a potential impact on human rights (“potential impacts”) are those that could occur due to the nature of the business itself and the activities carried out (sector risk), the countries in which the company operates (country risk) as well as other additional factors. The potential impacts have not materialized, but the company is proactively implementing prevention and mitigation measures in this regard.

## Methodology

Iberdrola approaches the identification of potential human rights impacts as a **continuous and iterative process** that can be adapted in line with internal and external changes, such as new regulations, changes in country risk, geographic expansion or the inclusion of new activities. This approach is developed with the support of **independent experts** and is informed by **substantive consultation with potentially affected Stakeholders**, with particular focus on vulnerable groups, in accordance with the UNGPs.

The stages in the process are described below:

1. **Assessment of the internal and external context.** The Group's activities, the sectors in which it operates, its geographical presence and its commercial relationships are all considered when conducting the analysis. This analysis is supplemented by a review of internal and external regulatory frameworks and by consultations with Stakeholders and rights holders, with particular focus on those exposed to greater vulnerability. The initial analysis involves interviews with over 80 representatives from the areas of activity and experts.
2. **Inventory of potential risks - Country/sector risk map.** The inventory of potential impacts is compiled based on the crossover between the Group's activities and the **Human Rights Risk Map**, which is created by Iberdrola with the support of independent experts. This map weighs the potential human rights impact areas based on quantitative and qualitative indicators reflecting the level of protection afforded to each right by States, corporate behaviour and other factors. The map covers countries where Iberdrola operates as well as those linked to its supply chain (goods, services, fuels and critical minerals). It also differentiates risk by phase of the project lifecycle (planning, construction, operation and decommissioning). Unlike generic indices, this map includes matters specific to the energy sector and the Group's activities, thereby providing relevant results.

The risk map is updated annually and incorporates new impacts identified through diverse sources:

- **Consultation with Stakeholders.** Emerging matters identified by engaging with Stakeholders and analysing trends (see [“Stakeholder engagement” \[See the relevant section of this document\]](#) section) and through collaboration with legitimate representatives of rights holders via established channels (committees, complaints channels etc.).
- **Comprehensive risk control and management system** The findings of the control model, which is based on three lines of defence, such as the result of supplier audits or the structural, emerging and priority risk map created by the People Division, and reviewed quarterly.
- The double materiality assessment (DMA) process completed as part of the new European Sustainability Reporting Standards (ESRS).
- **Environmental and Social Impact Assessments** performed for projects (see Identification of impacts in projects).

In 2024, Iberdrola added a specific matrix to evaluate country risk with respect to the supply of minerals and critical raw materials, following the **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas**. This analysis reinforces monitoring and prevention as regards risks such as forced labour, child exploitation, environmental impacts and land appropriation, especially in areas inhabited by indigenous communities. These materials—lithium, cobalt and rare earths, among others—are essential for

renewable technologies, but their extraction in conflict areas entails high human rights risks and requires sound due diligence mechanism.

### Results

#### Potential impact area

Iberdrola has identified the following potential impacts, i.e. impacts that could arise but are yet to materialise. The figure below shows the potential areas of impact, the potentially affected Rights-holding Stakeholders would be as follows:

#### Areas of potential impact and Stakeholders rights-holders

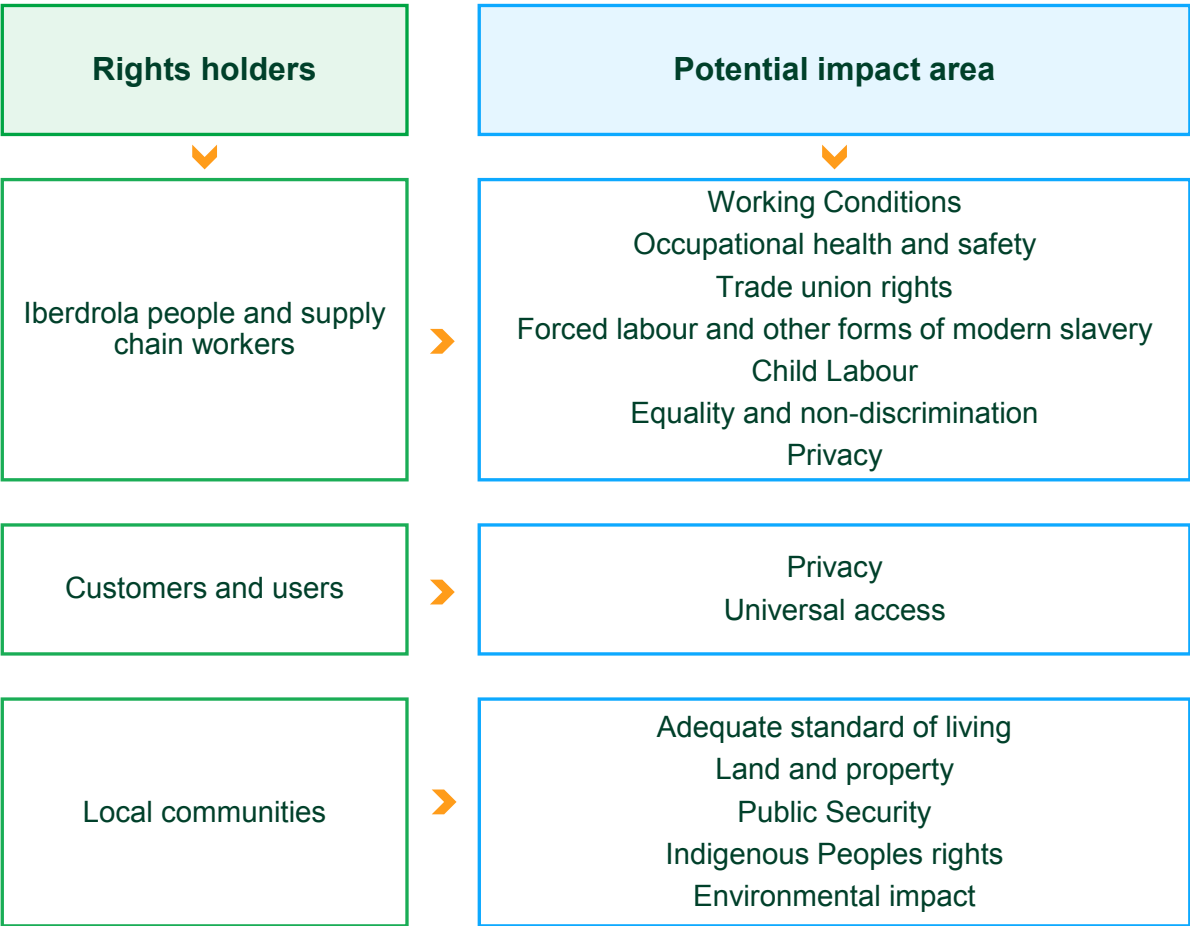


Figure 17. Areas of potential impact and rights-holders.

The potential impact areas are described below:

- Working conditions:** Infringement of rights in selection, recruitment, and remuneration processes (minimum wage, decent wage or living wage) and job quality management, e.g. those relating to working hours, treatment and decent work, training, promotion, transfers, rest and work-life balance. Also, in relation to the enjoyment of protection systems and social security.

- **Occupational health and safety:** Relating to the prevention of occupational hazards and accidents, the promotion and maintenance of the highest possible level of physical, mental and social well-being of workers, the protection of workers at their workplace from adverse health factors and the maintenance of a working environment adapted to physical or mental needs.
- **Trade union rights:** Limits on freedom of association and on rights of association, collective bargaining and to strike. Also on activities, whether individual or not organised through trade unions, related to the right to free expression, assembly, association, etc.
- **Forced labour and other forms of modern slavery:** Coercion through the use of violence or intimidation, or by more subtle means such as debt bondage, withholding of identity documents or threats to report to immigration authorities. Modern forms of slavery also include people trafficking, sexual exploitation, forced marriage and organ trafficking.
- **Child labour:** Child labour is defined as at least one hour of paid work or 28 hours of domestic work per week for children aged 5 to 11; at least 14 hours of paid work or 28 hours of domestic work per week for children aged 12 to 14; and at least 43 hours of paid work or domestic work per week for children aged 15 to 17. Child slavery takes its own forms, such as child soldiers, child marriage and domestic servitude.
- **Equality and inclusion:** Negative impacts related to discrimination can occur in all contexts in addition to the workplace. Human rights are universal, and all individuals are entitled to enjoy them on an equal basis with others, but discrimination refers specifically to cases when the violation of a right is linked to a collective characteristic such as being a woman, an immigrant or having a disability.
- **Privacy:** Impacts derived from the supervision of communications and collection, storage and management of customers', employees' and third party personal data. These may be the result of procedures established by the company, misuse by employees or an external cyberattack. Also, the risk of discrimination and affecting personal autonomy and civil rights through surveillance and supervision of the behaviour of workers (e.g., cameras, computer equipment) and users (e.g., smart meters, internet of things -IoT). Consequences of the appropriation, analysis and commercialization of data.
- **Universal access:** Barriers to access to energy due to limitations in the electrification/ connectivity or poor service quality, security or reliability. Problems with affordability, due to tariff policies or other reasons. Fair distribution and management of consumer rights and vulnerable customers. Procurement, billing, collection, payment and debt management, personal service. Abusive or fraudulent sales practices.

- **Adequate standard of living:** An adequate standard of living means access to essentials such as food, safe water, sanitation, housing and clothing. The most serious impacts are hunger and poverty. The rights to work, private property, health, social protection and economic rights, in general, are closely linked, as well as access to means of subsistence, for example to natural resources and markets and vital infrastructures (see Land and property).
- **Land and property:** the effects of voluntary transfers or land expropriation, such as the eviction, displacement or resettlement of people and the resulting consequences on housing, and the enjoyment of other social or economic goods (e.g., access to public services, markets). Legal or physical barriers to accessing water, forests or agricultural resources. Impacts on food and economic security. Land rights and the right to private property, in this context, are subordinated to the right to food, water, housing and others. In rural settings, these rights tend to be closely linked. However, in the final instance, a negative impact may occur under different property regimes and rights of use, access or decision. It can occur, for example, due to the expropriation or dispossession of land, voluntary or forced, due to socio-economic disruptions (e.g., land prices), or due to obstacles to the use of these resources (e.g., environmental erosion, physical barriers of infrastructure). In short, legal compliance in matters relating to private property may obscure an impact on people's standard of living.
- **Public safety:** This is a specific case relating to impacts on local communities. The consequences may be very serious and the impacts must be handled with great sensitivity. It usually takes the form of violence and serious intimidation (e.g., murder, kidnapping, threats, etc.) against member of local communities, social leaders, human rights and environmental activists, union officials, etc. They may be violated by security staff hired by the company, local criminal groups and even state agents such as police and military personnel. They are particularly relevant in contexts of armed conflicts, criminality and militarisation.
- **Indigenous peoples:** Impacts related to land ownership, access to sociocultural resources, which affect especially protected communities. They may be associated with a lack of prior consultation on the company's activities, consent with very weak legitimacy or inadequate compensation.
- **Environmental impact:** Risks to health and to the enjoyment of other rights and activities: pollutants, environmental damage (e.g. tips, waste, fires), noise pollution, electromagnetic fields. Impact on local habitat and wildlife (e.g., overhead and underground lines). Emissions and production of hazardous materials, including those associated with mining, manufacturing, transport, construction, operation, storage and dismantling of equipment and materials. Effects on ecosystems, biodiversity produced by natural and human catastrophes and other major operating risks. Contribution to climate change.

Additionally, in its most recent review Iberdrola identified other situations and technological advances that could exacerbate the vulnerability of rights holders or the severity of its impacts. Namely:

- **Migrant workers:** There is a close relationship between migrant workers and violations of human rights as migrant workers often find themselves in vulnerable situations. Migrant workers often face difficulties and abuses of their rights in the workplace. This can be produced in many ways, such as, for example:
  - Unfair recruitment practices, such as charging fees, requiring them to provide a deposit or providing misleading or incorrect information about a promised job.
  - Cross-border trafficking or smuggling of workers for labour or for forced labour at the new destination.
  - Unequal access to labour rights, remuneration, social security, trade union rights, employment taxes or judicial procedures and redress.
  - Racism or discrimination in the workplace.
  - The commitments adopted in the latest review of the Supplier Code of conduct aim to eradicate these practices.
- **Young workers:** Potential impacts concerning young workers are related to their lack of experience or training, inadequate safety measures, as well as negative effects on their physical or emotional development due to excessive weight loads, uncontrolled exposure to harmful substances or radiation, as well as extreme heat or cold or stress. Young workers are often on the margins of collective bargaining systems. Iberdrola, as regards this group, applies specific training measures for unskilled contract employees, and respects the right of association and collective bargaining for its workers and those in its supply chain.
- **Human rights and environmental defenders:** In some countries, human rights and environmental defenders are sometimes exposed to threats and harassment and suffer insecurity, including through restrictions on their freedom of association or expression or their right to peaceful assembly. These threats and harassment, which include physical and verbal violence, arbitrary arrests, judicial harassment or administrative harassment, have a negative impact on their physical and mental safety, as well as that of their families. Iberdrola does not tolerate the existence of threats to human rights and environmental defenders in any of its operations, either by its employees or by its contractors, and communicates this in the development of its projects in any country of operation. In its dialogue with communities, Iberdrola may engage in conversations with leaders who defend human rights and the environment as part of its relations with the communities, and in any event applies the principles of relations that emanate from the Stakeholder Engagement Policy with full respect for human rights.
- **Ethical use of artificial intelligence (AI):** Artificial intelligence (AI) can significantly impact human rights, particularly when used for automated decisions, personal data management or monitoring individuals. Among the main risk identified are included:
  - Algorithmic discrimination: bias in data or models that may lead to unfair or discriminatory decisions, impinging upon the right to equality and freedom from discrimination.

- Infringement of privacy: undue use, collection or processing of personal data without informed consent, impinging upon the right to privacy.
- Lack of transparency and traceability: lack of transparency in the way that automated decisions are taken makes it difficult to understand the reasoning behind them, which can restrict the right to information and rectification, and impedes data controllers from properly fulfilling their obligation of accountability.
- Impact on personal autonomy: automated decisions that affect people's lives without significant human intervention, compromising the right to self-determination.
- Employment risks: task automation that may affect decent employment, job stability and social protection.

Iberdrola addresses these risks by means of its Policy on the Responsible Development and Use of Artificial Intelligence Tools, which establishes ethical principles, guidelines for action and supervisory mechanisms to ensure that AI is used transparently, fairly, safely and in a manner respectful of fundamental rights.

### **Potential impact areas in own activities**

Iberdrola has conducted an analysis of the potential impacts on human rights at all of its main activity centres. Based on this analysis in 2024, the percentage of centres with potential risk in each impact area is as follows: occupational health and safety (58 %), working conditions (10 %), public security (28 %), freedom of association (30 %), rights of indigenous communities (58 %), adequate standard of living (10 % of centres). The centres which have identified these risks are located in countries such the United States, Brazil, or Mexico. Furthermore, an emerging potential risk area was identified in relation to human rights defenders.

The results of the Human Rights Risk Map, cross-referenced with the list of the Group's main activity centres, are set out below.

**Main centres of activity and associated risks**

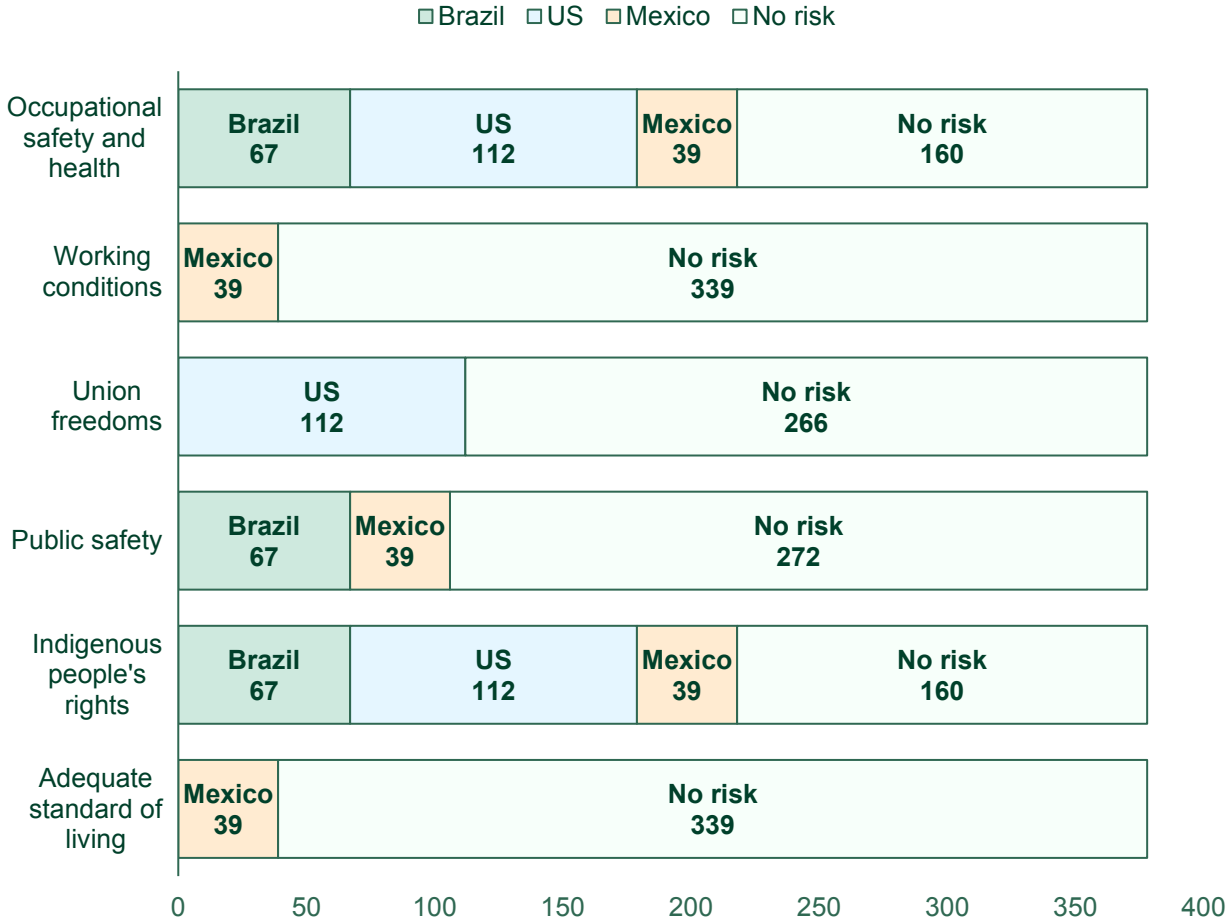


Figure 18: Human Rights Risk Map.

Mitigation plans or measures have been implemented at all activity centres where risks were identified, regardless of whether they were identified through the aforementioned Human Rights Risk Map or the environmental and social impact studies conducted during the construction and/or operation licensing process.

Moreover, Iberdrola identifies and assesses the social impacts associated to its investment and disinvestment transactions. The first step of the analysis looks at the Human Rights Risk Map, which provides initial information on potential human rights impacts and the associated risks based on the country where the operations are planned.

**Suppliers’ potential impact areas**

This information disclosed by the human rights risk map is in addition to the specific analyses that the company carries out on its relevant suppliers of general supplies with regard to compliance with certain Sustainability principles set out in contracts that consider human rights, among other issues. In 2024, a total of 48 social and sustainability audits were carried out on key suppliers, both in the geographical areas

where the Group is present, as well as in countries such as Germany, China, South Korea, and the Philippines. The audits allow for on-site verification of the good practices previously declared by suppliers, the degree of implementation of action plans, and the improvement opportunities identified, with minimal deviations detected.

As is done every year, in 2024 the cross-referencing of the risk map with supplier countries was updated. Unlike in previous years, the United States and Mexico are considered to be high-risk countries. Taking into account the countries of origin, the assessment of their potential risk of human rights violations, and the invoicing of suppliers of goods and services from these countries, a risk could exist:

- In relation to the risk of freedom of association and collective bargaining, in 34.3 % of the volume of purchases made during 2024.
- In relation to the risk of child labour, in 0.4 % of the volume of purchases made in 2024 and
- In relation to the risk of forced labour, in 1.6 % of the volume of purchases made.

More information on the [Report on activity in Procurement and Supplier management](#) [See PDF document. Opens in a new window]

### **Potential impact areas in the engagement with third parties or business partners**

The compliance units periodically update the compliance risk map, following the guidelines established in the Compliance Risk Assessment Guide approved by the Compliance Unit, including the assessment of the likelihood of materialisation of each risk and the impact that such materialisation would have. With regards to human rights, the map includes risks associated to discrimination, harassment at work, data protection, corruption and the supply chain.

Based on the assessment of third-party due diligence, the Compliance Unit has drafted the "Guide to assess third-party risks and due diligence procedures" to establish clear guidelines for completing risk evaluation processes.

In terms of the scope of application of the assessment, "third parties" shall be understood to mean people or entities that have contractual or commercial relationships with the Company (commercial partners) that form part of its activities.

Among other aspects, the risk assessment on third parties takes into consideration adverse news and human rights incidents, with particular focus on modern slavery and child labour. If the risk is considered higher than normal, the compliance function will monitor all transactions intended to be entered into with that third party. Those third parties considered as critical risk are blocked in the systems, which prevents the formalisation of any transaction or payment in relation to them. The number of purchase transactions with companies and other assets assessed by the Compliance Unit in 2024 was 441. For more information, please check the [Compliance System](#)

[Transparency Report of the Iberdrola Group companies in 2024 \[See PDF document. Opens in a new window\].](#)

## Salient issues

The UNGPs set out the criteria to determine which are “salient issues” arising from potential risks. Under the UNGPs severity of impacts, an issue is judged against a number of factors, the main ones being scale, scope and remediability, whereby:

- **Severity:** The severity of the negative consequences generated for rights holders.
- **Scope:** how widespread or the number or proportion of affected persons or groups.
- **Remediation:** The likelihood of returning the enjoyment of human rights to the state prior to the materialisation of the impact. Some impacts are irremediable (e.g., loss of life). The greater the severity and scope, the less remedial the impacts.

In this assessment, the probability of impact occurring is also considered, as well as the degree of the company’s connection to it, according to the UNGPs (“causes”, “contributes to causing” or “is related to”).

In order to accurately assess the impact of its activities on human rights, Iberdrola seeks to understand the concerns of potentially affected groups by consulting with them on a recurring basis through various channels. According to these relevant factors established by the UNGPs, **the salient human rights issues for Iberdrola are:**

- Labour practices (including supply chain).
- Local communities, rights of indigenous peoples and environment.
- Cybersecurity and information privacy.
- Public insecurity and labour practices in the contracting of security services.

## Prioritized issues

The “prioritized issues” are those for which an action plan is established based on their relevance and on how the Human rights due diligence system addresses them in order to cover possible management gaps.

It may be the case that potential matters are not considered a priority despite the nature of the business’ relationship with them. This is the case of vulnerable clients, whereby Iberdrola pursues a proactive attitude of collaboration with public authorities, different entities and NGOs to provide economically disadvantaged people with access to energy.

## Identification of impacts on the projects

### Identification of human rights impacts on the projects

Identifying human rights impacts in projects forms part of the social due diligence process that Iberdrola applies at all stages of the life cycle of its facilities - from planning through to decommissioning - in order to anticipate, prevent, mitigate and, where appropriate, remedy adverse impacts on the affected communities and Stakeholders.

This process revolves around the following principles:

- **Definition of the area of influence:** It identifies the geographical area in which social and environmental impacts may arise. This encompasses not only the main project location, but also associated facilities, transport routes and areas affected by cumulative or indirect impacts. Such cumulative impacts may arise from the project interacting with other existing or expected developments in the same area, meaning that they jointly impact the communities' human rights.
- **Social base line:** An initial analysis is completed that covers the socioeconomic profile of the affected communities, the presence of vulnerable groups, living standards, use of land and available services. This information is used as a reference to evaluate the impacts over time.
- **Identification and evaluation of environmental risks:** The project's potential impact on human rights is analysed, including, but not limited to, the following:
  - Environmental impacts with social incidence (air quality, water, biodiversity).
  - Social impacts resulting from an influx of workers, public security, displacement or changes in the use of land.
  - Impacts on economic, social and cultural rights, for example due to the loss of livelihoods or the impact on cultural heritage.
  - Specific impacts on indigenous communities, which require consultation processes and Free, Prior and Informed Consent (FPIC)).

In addition, the potential accumulated impacts are identified and assessed.

- **Stakeholder engagement concerns:** The participation of Stakeholders is key for identifying and managing human rights impacts on a project level. Iberdrola promotes an inclusive and transparent approach adapted to the local context.
  - **Identification:** The first step is to map the project's area of influence, identifying local communities, vulnerable groups, authorities, NGOs and other relevant Stakeholders. This information is collected from primary sources (through consultations and field visits) and secondary sources (censuses and socioeconomic studies).

- **Prioritisation:** Stakeholders are analysed according to two criteria: the degree of impact that the project will have on them, and their ability to influence the development of the project. This enables relationship levels (information, consultation, collaboration) to be established, and for the engagement strategy, communication plans and relationship plans to be adapted.
- **Strategy:** Methods, channels and schedules for dialogue are defined, ensuring that information is accessible, culturally appropriate and systematically recorded. The engagement strategy is updated throughout the life cycle of the project, to include new stakeholders and account for new contexts.
- **Social Management Plans:** Mitigation and control measures are developed in accordance with the mitigation hierarchy. These include specific plans such as the Cultural Heritage Management Plan, the Livelihood Restoration Plan and the Indigenous Peoples Plan.
- **Reporting and query mechanisms:** Each project must have accessible, legitimate and culturally appropriate channels through which communities can raise concerns, suggestions or complaints, which will be managed in accordance with the principles set out in the UNGPs.

It is common for this process to be included in the Environmental and Social Impact Study carried out in accordance with the applicable legislation in each country and which must be approved by the appropriate public authorities. However, Iberdrola implements processes that go beyond local legal requirements, based on international best practices.

This approach allows Iberdrola to incorporate human rights into the social management of its projects, thereby strengthening its commitment to respecting people and the sustainability of its operations.

Below are examples where more detailed identification of the potential impacts of the Group's operations, at all stages of development, was made possible during the environmental and social impact study.



### **Vineyard Wind offshore wind project: Identification of impacts on different operation alternatives**

In Avangrid, the Vineyard Wind 1 project assessed five alternative actions, including the alternative of not going ahead with the project, in order to select the option with the smallest environmental and social impact. The process included **public consultations, engagement with coastal and indigenous communities (including the Narragansett Indian Tribe)**, and analysis of cumulative impacts.

Among the social risks identified were the **impact on the livelihoods of fishermen, the impact on landscapes and cultural heritage, and the inequitable distribution of benefits**. These could threaten rights such as the **rights to work, to participation, to culture and to a healthy environment**.

This practice demonstrates how the analysis of alternatives and the active involvement of Stakeholders strengthens the human rights due diligence process in renewable energy projects.



### **LUIZA II and III project: identification of accumulated impacts**

In the Environmental Impact Assessment (EIA) of LUIZA II and III project (Neoenergia), cumulative impacts are defined as a change of two environmental systems caused by the interaction or sum of two effects of human actions, originating from one or more activities. The EIS assesses accumulated impact to:

- Identify the interaction of environmental impacts with the origin of project actions.
- Confirm the presence of events that are not related to the project, but may result in the identified environmental impacts, taking into account the past, present and future.

For this purpose, the EIA lists the environmental impacts identified for the physical (F), biotic (B) and socio-economic (S) environments in all stages of the Luzia Solar Farm project and the respective assessments on the cumulative aspect.



### Cuyoaco photovoltaic project: Identifying impacts through community consultation

In Iberdrola México, as part of the process of identifying potential social impacts of the Cuyoaco project included interviews and surveys involving local authorities and other Stakeholders. These tools enabled the Company to gather direct information regarding the situation of the communities in the area of influence, including their needs, expectations, links to their surroundings and perceptions of the project.

This work was completed as part of the Environmental Impact Assessment (EIA), which supplemented a Social Impact Assessment (SIA) and was key in precisely defining the geographic scope and the population that would be potentially impacted during the construction, operation and decommissioning phases of the project.

This participatory approach enabled emerging social risks to be identified, such as a potential alteration of community dynamics, pressure on local resources and the need for specific measures to guarantee respect of human rights at all stages of the project.

## Emerging and global matters

Further to the analysis of potential and actual impacts, Iberdrola continuously identifies emerging issues and follows some global issues due to their connection to human rights matters relevant to the company. These may be generated by tensions related to the use of new technologies, resources and materials, the absence of specific regulation or the emergence of new conceptual frameworks yet to be defined.

The energy transition and digitalisation are creating new risks that require urgent attention from a human rights perspective. Below, some of the **identified emerging matters** and **potentially affected rights** are described.

Emerging matters identified	Description	Rights potentially affected
<p><b>Effect of the growing extraction or minerals and key metals in the supply chain</b></p>	<p>The growing demand of materials such as lithium, cobalt, nickel, rare earths and silicon - essential for batteries, solar panels and wind turbines - is intensifying social, environmental and governance risks in extraction and processing areas. These impacts include poor working conditions, affecting local communities, environmental degradation and geopolitical tension.</p>	<ul style="list-style-type: none"> <li>• Right to fair working conditions</li> <li>• Right to health</li> <li>• Right to a healthy environment</li> <li>• Rights of indigenous and local communities</li> <li>• Right to personal life and safety</li> </ul>

Emerging matters identified	Description	Rights potentially affected
<b>Social pressure on the change of land use for electrical infrastructures</b>	The change in the use of farming, forest and cultural and ecological value lands for infrastructures causes tensions with local communities, thus affecting means of life, biodiversity and territorial cohesion.	<ul style="list-style-type: none"> <li>• Right to property and land</li> <li>• Right to participation</li> <li>• Right to a healthy environment</li> <li>• Right to work</li> <li>• Right to culture and traditional lifestyle</li> </ul>
<b>Vital salaries</b>	ILO defined in 2024 the vital salary <sup>8</sup> as a salary that allows a decent life, including food, housing, health, education and transport, adjusted to local conditions.	<ul style="list-style-type: none"> <li>• Right to decent work</li> <li>• Right to fair remuneration</li> <li>• Right to non-discrimination</li> <li>• Right to family health and well-being</li> </ul>
<b>Privacy, data protection and ethics of the use of algorithmic decisions and artificial intelligence</b>	The rising use of algorithms and AI systems in labour and operating processes presents risks of bias, discrimination, lack of transparency and infringement of privacy.	<ul style="list-style-type: none"> <li>• Right to privacy</li> <li>• Right to personal data protection</li> <li>• Right to non-discrimination</li> <li>• Right to transparency and due process</li> </ul>
<b>New forms of security threats, cybersecurity and hybrid security of critical infrastructures</b>	The digitisation of energy infrastructures exposes new threats such as cyberattacks, hybrid sabotages and technological vulnerabilities which may affect the security of people and essential services.	<ul style="list-style-type: none"> <li>• Right to personal security</li> <li>• Right to data protection</li> <li>• Right to essential services continuity</li> </ul>
<b>Deforestation in supply chains</b>	The expansion of production activities linked to energy goods may cause deforestation, loss of biodiversity and affect local communities in high ecological value areas.	<ul style="list-style-type: none"> <li>• Right to a healthy environment</li> <li>• Right to health</li> <li>• Rights of local and indigenous communities</li> <li>• Right to food</li> </ul>

These risks were once peripheral but are now central to the global agenda and require more robust due diligence processes that are suited to a rapidly evolving technological and regulatory context. The company pays special attention to these emerging issues in order to assess their possible future link to the risk map. Iberdrola has implemented preventive measures to understand and manage potential impacts and risks. Said measures are detailed in the section [Integration, prevention and mitigation of potential adverse impacts](#) [See the relevant section of this document].

<sup>8</sup> [ILO reaches agreement on the issue of living wages | International Labour Organization](#) [See International Labour Organization webpage. Opens in a new window]

## Integration, prevention and mitigation of potential adverse impacts

**UNGP 19 -20:** Integration into relevant internal functions and processes and prevention and mitigation of adverse impacts on human rights.

**CSDDD Articles 7, 10-11:** Integrating due diligence into company policies and risk management systems, prevention of potential impacts and bringing actual adverse impacts to an end.

According to the UNGPs, once the potential impacts have been identified, the necessary steps must be taken to prevent and mitigate them through a horizontal integration of findings across the company. “Integration” is the process that consists of collecting the results related to a possible adverse consequence and determining which areas should adopt effective measures to prevent and mitigate it.

Once the potential and actual impacts have been identified, Iberdrola adopts the corresponding prevention and mitigation measures. For potential impacts, prevention is about reducing the likelihood of these impacts materialising, while for actual impacts, mitigation refers to measures to reduce their magnitude and extent. In both cases, when this is not completely possible, it is necessary to provide remediation.

According to the UNGPs, actions to prevent and mitigate impacts vary depending on whether the company causes or contributes to an adverse impact or is involved because the impact is linked to its operations, products or services. These measures translate, for example, into mitigation plans in the facilities and processes, and may consist of incident identification, investigation of possible causes and factors contributing to the impact, communication and training measures, the deepening of relationships with the Stakeholders to develop internal capacity to mitigate impacts, amongst others.

Some examples of how Iberdrola integrates the management of respect for human rights and the prevention and mitigation measures adopted in relation to the following Stakeholders are provided below:

- **Iberdrola people**
- **Supply chain (suppliers and contractors)**
- **Customers**
- **Communities**

In addition, the section describes cross-cutting prevention and mitigation measures for Stakeholders adopted by Iberdrola. Among these measures are the establishment of incentives linked to sustainability, corporate fiscal responsibility, analysis of sustainability and human rights indices and rankings, training and capacity building, and participation in multi-stakeholder initiatives.

## Iberdrola people

People are Iberdrola's main capital. The Company promotes a secure, inclusive and respectful working environment that is aligned with the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Therefore, in addition to the [Ethical and basic principles of governance and sustainability \[See PDF document. Opens in a new window\]](#) and the [Human rights policy \[See Iberdrola's website. Opens in a new window\]](#), Iberdrola has the [Sustainable human capital management and anti-harassment policy \[See Iberdrola's website. Opens in a new window\]](#), [Personal data protection policy \[See Iberdrola's website. Opens in a new window\]](#) and the [Occupational health and safety policy \[See Iberdrola's website. Opens in a new window\]](#) which develop the company's action principles in the fundamental rights of decent work, equality, privacy and occupational health and safety:

- The [Sustainable Human Capital Management and Anti-Harassment Policy \[See Iberdrola's website. Opens in a new window\]](#) ensuring equality of opportunities, non-discrimination and respect of human rights, fostering diversity, work-life balance, professional development and personal well-being.
- The [Personal data protection policy \[See Iberdrola's website. Opens in a new window\]](#) ensuring observance of the right to privacy through responsible, transparent and safe processing the personal information of employees, customers and other stakeholders.
- The [Occupational Health and Safety Policy \[See Iberdrola's website. Opens in a new window\]](#) promotes safe and healthy work environments, prioritising risk prevention, take care of the physical and mental health and well-being of all the people collaborating in the company.

As part of the due diligence process, the People Division creates a risk map and reviews it on a quarterly basis. This enables adverse impacts to be identified and effective action plans to be established.

Over 2024, the Company and its subholding companies have developed a range of initiatives to prevent risks and create opportunities for staff. Some of these actions are highlighted below:

## Working Conditions

### Commitment to the creation of quality jobs

Iberdrola is a global leader in the creation of quality employment. More than 99 % of its workforce is made up of employees with permanent contracts and 97 % of its employees work full time. Since 2017, the Company has hired an average of 4,000 employees per year and expects to hire around 15,000 new starters between 2025 and 2028. At the closing of 2024, the company has 42,208 employees.

In 2024, Iberdrola became a global benchmark for talent management, receiving **Top Employer** certification on a global level, which marks it as one of the best places to work and develop. It is the only energy company in the world to achieve this recognition.

Given the competition for talent to tackle the energy transition, it is necessary to promote efficient and inclusive initiatives that guarantee that the skills demanded by the labour market are developed, so that people's aspirations and skills match the opportunities offered by the green transition. Below is a description of the initiatives carried out in this regard:

### **Reskilling for Employment (R4E)**

This is a joint initiative with large European companies aimed at narrowing the skills gap and increasing employment opportunities in sectors linked to the energy transition. To date, over 1,000 people have received training to reorient their careers towards sustainable jobs.

### **People Plan 2023-2025**

This addresses the global challenge of anticipating new needs in the energy sector when it comes to attracting and retaining talent. To that end, recruitment and selection processes are continuously reviewed in order to strengthen the employer brand, boost internal mobility as a development tool, and nurture the candidate experience. Within this framework, a series of actions have been defined in order to meet the new challenges facing the Group: on the one hand, the review of a talent attraction and selection model, thus boosting employability and generating future professionals, and, on the other, the review of the Onboarding programme, which takes care of employees before they join the Company and supports them in their first days.

### **People Review and professional development growth**

This is reflected in an experience-based strategy for continuous and collaborative development, including a training model (Keep Learning) that promotes knowledge management initiatives such as the 20 masterclasses taught by external experts in 2024, and the 3 newly created knowledge communities that strengthen the C3: #BreakingSilos project and the culture of strategic knowledge sharing across the entire Company. On top of this, there is the commitment to providing training around sustainable skills, which accounted for 70 % of all training hours in 2024.

### **Fair and adequate salary and salary equality**

The concepts of a dignified wage, adequate wage and living wage refer to the remuneration level that enables a working person, in a standard working week in a given place, to provide a decent standard of living for themselves and their family.

In March 2024, the International Labour Organization (ILO) defined the concept of a living wage as "the wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country circumstances and

calculated for the work performed during the normal hours of work". While there is no single amount applicable to all situations, this principle must be adapted to local conditions and be reflected in the process of establishing wages based on sound data and social dialogue.

This approach guides Iberdrola Group's remuneration policies. In particular, the [Ethical and basic principles of governance and sustainability of the Iberdrola Group](#) [See PDF document. Opens in a new window] and the Sustainable human capital management and anti-harassment policy [See Iberdrola's website. Opens in a new window] ensuring equal pay for work of equal value, guaranteeing adequate and competitive wages. Iberdrola offers entry-level salaries significantly higher than the legal minimums and benchmarks for each country, as well as a package of benefits and social protections adapted to the different employment conditions in the countries where the Group operates. In relation to social benefits, the pension plan, savings provisions and health insurance plan all exceed the average level in each country. This evidences the Group's commitment to the fair salaries defined by the ILO.



In 2023, ScottishPower was certified as a fair salary employer by *Living Wage Scotland*. The real living wage is a voluntary salary rate in the UK set each year by the Living Wage Foundation to reflect the cost of living based on a basket of goods and services. This salary is higher than the national fair salary fixed by the UK's government. ScottishPower extends this framework to its main contractors, requiring them to ensure that they pay a living wage to workers who work for ScottishPower.

With regards to salary equality, Iberdrola facilitates and promotes equal opportunities, non-discrimination and inclusion of the professionals of the companies belonging to the Group, which provides for equal pay for men and women for equal work and a salary review with common criteria for both genders. The collective agreements in force in Iberdrola Group companies guarantee equal starting salaries for men and women.

In line with the above, in July 2024, Iberdrola received the **EDGE** (Equity, Diversity, and Gender Equality) **certification**, a benchmark assessment that values and certifies companies and institutions for their efforts to promote gender equality in the workplace.

In order to obtain this certification, an independent external assessment was carried out in which the policies and practices of the Group's companies were comprehensively reviewed, statistical data were analysed and employee perception surveys were conducted. Specifically, Iberdrola has obtained the second level of certification (EDGE Move), which indicates that the organisation is not only committed to gender equality as well as the adoption of specific measures to materialise this commitment. It also highlights that fair practices have been sustainably integrated into the organisation and are a key strategic area for its future

success. In 2026, Iberdrola expects to receive the highest possible EDGEPlus Certification, which, in addition to assessing commitment to gender equality, also incorporates another factor such as ethnicity, sexual orientation, gender identity, age, disability or nationality.

In particular, average total remuneration of men and women at Iberdrola is very similar. The ratio between men's and women's average pay is 97.3 % in 2024, with men's average pay being higher than women's. The underlying cause of the existing wage gap in favour of men in certain age groups is the lower presence of women within the staff, a situation common in the energy sector, accentuated in executive and technical positions, which evidences the reduced relative weight of women in STEM studies in the last decades of the 20th century (see STEM initiatives in the section [Equal opportunities and inclusion \[See the relevant section of this document\]](#)).

### **Work-life balance and work disconnection policies**

Iberdrola actively promotes work-life balance through measures that enable people to care for their family members and children. These measures include maternity, breastfeeding, parental and home care leave. All salaried employees are entitled to these types of leave, and 6.7 % of the workforce made use of them during the financial year (6.2 % of men and 8 % of women).

The most recent management trends 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. The Company's policies promote the effective separation of work and home life, with particular focus on the right to digital disconnection, without creating any advantages or discrimination.

Iberdrola's family leave policies include maternity leave, parental leave and leave to care for household members. The entire workforce is entitled to these types of leave, due to being covered by the different collective bargaining agreements.

Flexitime, teleworking, and out-of-office work have also been introduced. Other measures applied locally are: control of overtime, training for leaders on the need for effective compliance with working time and rest periods, more flexible working and hybrid and/or remote workplaces and adaptation of the working day.

### **Occupational health and safety and well-being**

The health and safety of people is a top priority for the Iberdrola Group and are an essential pillar of the [Governance and Sustainability System \[See PDF document. Opens in a new window\]](#). This commitment is materialised in the [Occupational health and safety policy \[See Iberdrola's website. Opens in a new window\]](#) approved by the Board of Directors, providing a global framework to ensure safe and healthy work environments, prevent professional injuries and illnesses and promote the physical, mental and social well-being of all the people that collaborate with the Group.

The Iberdrola Group has implemented Occupational Health and Safety Management Systems, with various scopes (subholding, head of businesses companies), enabling it to comply with local regulations in force in the territories in which it operates, as well as with international standard ISO 45001:2018.

Iberdrola applies the most stringent international standards, specifically standard ISO 45001:2018, and extends this commitment to all contractors, suppliers and visitors at all its facilities. Through its occupational health and safety management systems, health and safety are included at all levels of the hierarchy and in operational decision-making, thus reinforcing a preventive culture in all geographies.

In line with its 2025–2030 sustainability targets, the Company has established two key goals: progressively reduce the accident rate in all geographies and obtain ISO 45003 certification, which relates to managing psychosocial risks in the workplace, by 2030. These goals are in addition to consolidating an overarching preventive culture, strengthening training and fostering active participation by employees.

The indicators point to significant advances: in 2024 the Total Recordable Incident Rate (TRIR) for employees was down 19 % compared to 2021; there were 969 reports of accidents involving Company employees, with 1 employee fatality and 7 involving contractor personnel. Coverage under ISO 45001 was 99.1 % of own personnel. Additionally, over 3 million hours of health and safety training were provided, and the implementation of joint committees was strengthened across all subholding companies.

To achieve these goals, Iberdrola has rolled out prevention plans and operating protocols for every activity. Those cover identifying dangers, evaluating risks, and the hierarchy of controls. Regular internal and external audits are conducted to ensure compliance with regulations and the efficiency of management systems. Continuous training in the prevention of risks relating to occupational hazards, ergonomics and mental health is complemented with specific programmes for vulnerable groups and contractors. Moreover, the Company promotes comprehensive well-being campaigns that cover physical, mental and financial health, employee assistance programmes and healthy habits. The Company has emergency response protocols and holds regular drills at critical facilities and displays a firm commitment to security innovation through the use of digital technologies for risk monitoring, predictive analysis and incident traceability.

In general terms, in all countries in which Iberdrola operates, a process has been established for the identification of occupational health and safety hazards, which includes the assessment and prevention of occupational risks, including mental health issues. In each country, the procedures established by those institutions standardised in the country, and those of ISO 45001, are followed.

For more information, please check the [Consolidated NFIS and the Sustainability reporting 2024 \[See PDF document. Opens in a new window\]](#).

### The Group's good practices

- **Zero Accidents Plan:** implemented across all geographies, with additional inspections and supplier sanctions in the event of serious breaches.

- **Specialised training:** The Almaraz plants apply the STD (Systematic Training Design) methodology to prevention training.
- **Comprehensive well-being:** Avangrid offers physical, mental and financial health programmes that incorporate legal assistance and telemedicine.
- **Critical risks management:** Iberdrola Australia has specific protocols for working in heat and response plans for natural disasters.

**Main of the health and safety elements**

Elements of the health and safety systems	Spain	United Kingdom	United States	Brazil	Mexico	IEI
There is a system	Yes	Yes	Yes	Yes	Yes	Yes
Benchmarking regulation	Law 31/1995	UKHS-GSP-SMS2008 Health & Safety Legal Register – Lists all the Legal Requirements	Only for offshore wind power	Decree Law 5454/43 - Con the Prevention of Workplace Accidents.	Does not exist	According to the countries
Scope	The 15 companies under this collective bargaining agreement	All workers	Networks and Renewables businesses. Rest of corporation	Celpe, Cosern, Elektro, Termopernambuco and renewables business	Electrical generation performance. The process of including employees in the corporate area is ongoing	IEI, ICI and IRI. Renewables and Customers
Certification	ISO 45001	ISO 45001	ISO 45001	ISO 45001	ISO 45001	ISO 45001
There are formal risk identification processes	Yes	Yes	Yes	Yes	Yes	Yes
There are action plans linked to the risks	Yes	Yes	Yes	Yes	Yes	Yes
There are formal processes for reporting hazards	Yes	Yes	Yes	Yes	Yes	Yes

Elements of the health and safety systems	Spain	United Kingdom	United States	Brazil	Mexico	IEI
There are policies or processes to withdraw from situations that could cause injury, illness or disease	Yes	Yes	Yes	Yes	Yes	Yes
There are processes for investigating work-related incidents	Yes	Yes	Yes	Yes	Yes	Yes

In line with this prevention culture, all workers are always strongly encouraged, in all circumstances, to refrain from performing or giving greater priority to a job that involves risk without the necessary means and knowledge to mitigate or eliminate the effects of that risk. In all locations, workers have the right to speak up and stop, or walk away from any job they deem to be an unsafe situation.

Finally, when an incident is reported in a country, the root causes and contributing factors are investigated, and general procedures are applied to follow up and bring the corrective actions derived from said investigation to completion (through the hierarchy of controls derived from legislation in force).

**Equal opportunities and inclusion**

Iberdrola actively promotes inclusion, equal opportunities and non-discrimination in the workplace, in accordance with the principles outlined in its [Governance and Sustainability System \[See Iberdrola website. Opens in new window\]](#), which forms part of the Company's internal rules and guides its behaviours in ethical, social and corporate matters. These principles are primarily outlined in the Sustainable Human Capital Management and Anti-Harassment Policy.

With a workforce comprising over 95 nationalities, the Group applies policies that prohibit any form of discrimination on the 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. Personal conditions not related to professional performance.

This commitment is mainly structured through:

- The Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group, which guide the behaviours of all people associated with the Group and promote the creation of sustainable value for shareholders and other stakeholders.

- The Sustainable Human Capital Management and Anti-Harassment Policy, which guarantees respectful, safe and diverse workplaces, and promotes equal opportunities and work-life balance.
- The Board of Directors Composition and Member Selection Policy, which ensures that the composition of the board is diverse, independent and balanced, thereby enriching decision-making with diverse perspectives.

**Iberdrola has been highlighted in various renewable energy and Human Rights indices for a practice of demonstrating that women represent at least 43 % of the company's Board and Executive management level. In line with this, Iberdrola has received the WomenCEO 2025 award.**

To guarantee a discrimination-free environment, the Group has specific processes to prevent and take action against any behaviours that contradict these principles. Its subholding companies have plans and policies adapted to local legal frameworks, including measures to prevent harassment and protect groups that are in a vulnerable position.

Currently, women make up less than 20 % of the workforce in the traditional energy sector. Iberdrola exceeds this average, with women representing 25 % of the workforce, and actively works to promote equal opportunities through a range of actions:

- **Promoting inclusive leadership** by providing access to professional development opportunities through training and education
- **Raising awareness and providing training** on equality and inclusion (legal framework, prevention of harassment, unconscious bias etc.) for key groups, recruitment and selection teams etc.
- **Undertaking recruitment** and promotion processes with gender-balanced panels/interviewers.
- **Equitable professional development**, through gender- and age-balanced career planning.
- **STEM training**, especially for minority groups and new generations.
- **Promoting careers in science among young people and students who will make up the Group's future talent pool.**
- **Work-life balance measures** that promote family co-responsibility and benefit men and women equally, thereby creating conditions to move towards parity.
- **Monitoring the presence of females in significant roles**, as a result of actions to promote equal opportunities.

In 2024, 46 % of the members of the Board of Directors are women and the percentage of women in significant roles at the end of 2024 is up to 28.9 %, compared to 27.8 % as recorded in 2023.

Moreover, Iberdrola works to ensure that selection, hiring, training and promotion processes, including those that use artificial intelligence, are free from bias and guarantee traceable and transparent results.

Furthermore, employees can report discriminatory behaviour through the [Internal reporting and whistle-blower protection system \[See Iberdrola website. Opens in new window\]](#), as well as through their managers, which guarantees accessible and confidential channels. Of the internal and external whistle blowing channels, the Diversity and Inclusion Mailbox, where queries on such matters are sent from the corporate website, is particularly relevant.

### Most relevant acknowledgements for equality, equity and inclusion management

- *EDGE Move* certification.
- Iberdrola has once again been included in the *Dow Jones Best-in-Class World Index*, and is the only European utility included in its 25 editions, and is considered to be one of the most sustainable utilities in the world.
- The WDi (*Workforce Disclosure Initiative*) has recognised Iberdrola among the 10 % of companies with the best score.
- The Equaleap ranking has placed Iberdrola in the Top 100 worldwide for gender equality in 2025.
- WomenCEO 2025 award

### Protection migrant employees' rights

Iberdrola identifies the country of origin of its employees to prevent potential impacts on the rights of migrant workers and guarantee safe and inclusive working environments. All employees have a written contract in a language they understand, outlining their working hours, salary and responsibilities. The Company does not store personal documents and applies universal health and safety measures, as well as providing access to basic services. Iberdrola promotes equal opportunities and inclusion by offering training on human rights. It also promotes social and workplace integration programmes.

### Trade Union rights

The relationship between the Company and trade union organisations is based on respect and recognition of the legitimacy of these institutions as workers' representatives, within the ethical principles and values that guide good trade union practices. In this sense, as a matter of priority, negotiation is used as the main way of establishing rights and duties between the parties. Trade union negotiations form part of the Labour Relations management model in the Group's companies, and Collective Bargaining Agreements are established that reflect advanced labour practices, respecting the regional characteristics and areas of activity of the Group's different companies and seeking to go beyond compliance with legal requirements.

Iberdrola has been highlighted in various renewable energy and human rights indices for a practice of requiring its own operations and those of its suppliers to respect the right of all workers to form and join a trade union of their choice and to bargain collectively and to prohibit intimidation, harassment, retaliation and violence against members of trade unions or equivalent workers' bodies and trade union representatives.

In general, the collective bargaining agreements of the Iberdrola Group apply to all employees working under and on behalf of the group companies, regardless of the type of contract entered into, the professional Group assigned, the job, or the position held.

However, issues related to the business organisation itself, to the legislation of each country, or even to the customs and habits of these countries, mean that certain groups are excluded from the scope of collective agreements (for example, in Spain, managers are outside the scope of the agreement). The working conditions of these employees are determined, in most situations, by the collective bargaining agreements covering all other employees or by personal contracts based on individual bargaining (e.g. salary, benefits) with all other conditions based on the collective agreement itself. It is for these reasons that 100 % coverage is not achieved in practice, reaching 76.1 % in 2024.

## Privacy, data protection and ethics of the use of algorithmic decisions and artificial intelligence

Iberdrola has developed a robust regulatory framework to guarantee that digitalisation and the use of advanced technologies is done in an ethical, secure way that respects human rights. This framework is constructed around specific policies that govern the processing of personal data and the responsible use of artificial intelligence.

These policies include the [Personal Data Protection Policy \[See Iberdrola website. Opens in new website\]](#), which is aligned with the General Data Protection Regulation (GDPR) and the Binding Corporate Rules (BCR) ratified by the Spanish Data Protection Agency, which ensure standardised and stringent management across all geographies. In terms of technology, Iberdrola has adopted the [Policy on the Responsible Development and Use of artificial intelligence Tools \[See Iberdrola website. Opens in new window\]](#), which establishes ethical principles, guidelines for actions and supervisory mechanisms to prevent adverse impacts on human rights. This Policy is aligned with the Recommendation of the Council of the Organisation for Economic Co-operation and Development on Artificial Intelligence.

In order to prevent and mitigate the risks identified, such as algorithmic discrimination, infringement of privacy, lack of transparency, impact on personal autonomy and employment risks arising from automation, Iberdrola has implemented the following actions:

- **Ethical and social impact assessments** in the development of digital solutions.

- **Significant Human-in-the-Loop** supervision of automated processes that could affect fundamental rights.
- **Specific training on digital ethics and data protection for the teams concerned.**
- **Accessible complaints channels** in the event of being affected by automated decision-making.
- **External audits and independent certifications** that bolster traceability and regulatory compliance.



Iberdrola has adopted pioneering measures to guarantee that human rights are respected when processing personal data and using advanced technologies. A prime example of this is the fact that Iberdrola is the first European energy company to obtain the Europrivacy seal, an official certification recognised by all EU and EEA member states. The certification has been awarded to Iberdrola Clientes España, Curenergía and Iberdrola Clientes Portugal in relation to personal data processing in the digital sign-up process, which includes browsing on the corporate website, interacting with the chatbot and communicating via email.

Additionally, the Spanish Data Protection Agency has approved the widening of the scope of the Group's Binding Corporate Rules (BCRs), thus ensuring standardised and stringent management of privacy in all countries where it operates.

Iberdrola Clientes and Iberdrola Energía España, companies that are part of Iberdrola España, have achieved a major milestone in becoming the first companies to certify compliance of their Artificial Intelligent Management System (SGIA) under the ISO/IEC 42001 international standard with AENOR, a leading entity in confidence generation.

These certifications reinforce Iberdrola's digital ethics strategy, guaranteeing that the use of technologies such as artificial intelligence is transparent and secure while respecting fundamental rights.

## Security, cybersecurity and hybrid security of critical infrastructures

The protection of human rights in digital and operating environments is a priority at Iberdrola, particularly given the increase of hybrid threats combining physical and cyber-attacks to critical infrastructures. These threats may directly affect the right to privacy, personal security, access to essential services and the integrity of vulnerable groups.

In this regard, Iberdrola tackles these challenges by taking a preventive and resilient approach based on the [Operational resiliency policy \[See Iberdrola website. Opens in new window\]](#), the [Security policy \[See Iberdrola website. Opens in new window\]](#), and the **Cybersecurity Risk Guidelines**, all approved by the Board of Directors, which establish a global framework to protect the Group's digital, operational and critical assets and enable it to anticipate, prevent and mitigate the risks arising from digitalisation and automation of processes. These policies are included in the [Governance and Sustainability System \[See Iberdrola's website. Opens in a new window\]](#) and apply to all the geographical areas, with a special emphasis on human rights protection in contexts of technological risk.

From a human rights perspective, Iberdrola's objectives in relation to cybersecurity are focused on protecting its critical infrastructure, ensuring the reliability and quality of the energy supply, safeguarding the personal data of customers and other stakeholders, preserving the integrity of commercial and financial information, and protecting the Group's reputation. These objectives are aligned with the Company's commitment to act responsibly in all contexts in which it operates, including those with greater exposure to technological risks.

To attain these goals, Iberdrola has deployed a global cybersecurity strategy integrating digital security in operations and business decisions (More information on [Iberdrola. Integrated report. March 2025 \[See PDF document. Opens in a new window\]](#)) and a **Operating resilience model**.



### Triple line of defence Iberdrola Global Cybersecurity

Iberdrola applies a governance model based on three lines of defence, with specific information security committees, defined roles and periodic audits.



Iberdrola has obtained certifications such as ISO 27001 and the Spanish National Security Framework, which endorse its information security management systems in critical processes such as digital sign-ups and public charging.

## Suppliers and contractors (activities chain)

### Introduction

Iberdrola's Procurement and Services Division defines the strategy, processes and oversight as regards the purchasing of equipment and materials (except fuels, which are the responsibility of the electricity production and customers businesses), and as regards works and services contracts and corporate insurance programmes. All of the above is implemented in accordance with strategic goals approved by the Board of Directors and with the Group's Governance and Sustainability System. The model, which is centralised by category and robustly implemented at the local level, enables the Company to capture synergies, guarantee critical supply and apply sustainability and human rights controls in a standardised manner throughout the procurement cycle.

Iberdrola manages its supply chain under a human rights due diligence scope, included in the [Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group \[See PDF document. Opens in a new window\]](#), the [Human rights policy \[See Iberdrola's website. Opens in a new window\]](#), the [Purchasing policy \[See Iberdrola's website. Opens in a new window\]](#), the [Code of conduct for directors, professionals and suppliers \[See Iberdrola's website. Opens in a new window\]](#), the [General terms and conditions for contracting \[See Iberdrola's website. Opens in a new window\]](#), the [General risk control and management foundations of the Iberdrola Group \[See Iberdrola's website. Opens in a new window\]](#) and other specific policies such as [Occupational health and safety policy \[See Iberdrola's website. Opens in a new window\]](#). These policies and regulations of the [Governance and Sustainability System \[See Iberdrola website. Opens in a new window\]](#) require third parties to prohibit forced labour and child labour, respect freedom of association and collective bargaining, guarantee equal opportunities and occupational health and safety, reject people trafficking and any form of modern slavery, and **impose these standards on their own supply chains** (subcontractors and Tier-N).

Iberdrola has implemented internal multidisciplinary working groups to monitor the risk of forced labour in the solar panel supply chain and due diligence. See the section [“An integrated Governance System at the highest level” \[See the relevant section of this document\]](#).

**Iberdrola's commitment to sustainability criteria and its extension to its main suppliers is embodied in the ambitious goal of ensuring that at least 85 % of the group's main suppliers are subject to sustainable development policies and standards by 2025.**

The Group applies due diligence at all stages of the procurement process: identification and assessment of risks; classification and approval of suppliers; inclusion of contractual requirements; monitoring and verification; creation of complaints and remediation mechanisms; and creation of improvement and monitoring plans. The Company has a sustainability-related goal of spending over €50 billion with sustainable suppliers in the 2025–2028 period (over 85 % of purchases). This criterion informs priorities when awarding tenders and dialogue with the supply chain. The goal is supported by a specific assessment model for the supply chain and has been integrated into the new systems implemented by the Procurement Division, both in the supplier classification system and in the procurement management system itself, incorporating sustainability into decision-making in the award proposals.

### Integration into contracts and preventive controls

Iberdrola requires its suppliers to comply strictly with human rights principles and regulations in line with the Group's regulatory framework and its **Governance and Sustainability System**. The [Code of conduct for directors, professionals and suppliers of the Iberdrola Group \[See PDF document. Opens in new window\]](#), approved by the Board of Directors and updated in March 2025, is a fundamental pillar for guaranteeing integrity and transparency in all the Group's actions. This Code reflects a commitment to the highest ethical standards and promotes the utmost respect for human rights as recognised in national and international legislation. It is complemented by the Ethical and Basic Principles of Governance and Sustainability and by the different specific Group policies, most notably the Policy on Respect for Human Rights.

The [Suppliers' Code of conduct \[See Iberdrola website. Opens in a new window\]](#), excerpt from the above, sets out the ethical principles that must govern the actions of suppliers and is appended to all orders and contracts. Before entering a contractual relationship, all suppliers must expressly accept it. Among Iberdrola's commitments, the following stand out: respect for human rights and international environmental regulations, ban on forced labour, modern slavery and child labour, reliable mechanisms to verify the age of workers, fair labour conditions, equality of opportunities and zero tolerance to discrimination and harassment, respect for freedom of association and collective bargaining and measures to ensure occupational health and safety, including preventive training and responsibility in the event of non-compliance.

Additionally, the Code requires suppliers to collaborate with Iberdrola to identify environmental and human rights impacts linked to their operations, products or services, and requires them to establish preventive and/or corrective plans where necessary. It also promotes the implementation of measures conducive to work-life balance.

The Group's contractual conditions for the purchase of **equipment, materials, works and services** incorporate specific clauses on sustainability and human rights for the supplier, based on the UN Universal Declaration of Human Rights, the conventions of the International Labour Organization, the principles of the Global Compact, and acceptance of and compliance with the Code of Conduct.

Suppliers must allow Iberdrola to review compliance and, if breaches persist without remedial action, Iberdrola may terminate the contract. Moreover, suppliers are required to have internal mechanisms for their employees and third parties to file complaints anonymously, and to inform them of the Group's internal channels for reporting any practices that contradict the principles of the Code.

In categories with greater exposure, Iberdrola strengthens these requirements with **specific due diligence clauses** including obligations such as: avoiding forced labour throughout the supply chain; cooperating in demonstrating compliance with the Code; collaborating in social and sustainability audits; allowing audits on the traceability of equipment and materials; and applying due diligence systems aligned with international frameworks to identify, prevent, mitigate and, where appropriate, remedy impacts on human rights. An example of this is in photovoltaic panel supply contracts, which include clauses to safeguard Iberdrola's right to conduct social and traceability audits on both manufacturers and third parties in the supply chain.

More information, see the [Report on activity in Procurement and Supplier management \[See PDF document. Opens in a new window\]](#).

## Supplier classification and “screening” processes

The Iberdrola Group has implemented supplier classification and screening processes to identify potentially critical suppliers based on the different risk criteria defined in the Purchasing Policy and corporate policies. These criteria take into consideration the supplier's strategic relevance to the Group's activity and the existence of higher-than-usual risks in the areas of sustainability, human rights, regulatory compliance or reputation, among other factors.

To this end, Iberdrola uses a combined methodology that includes internal analyses and specialised external tools. The corporate areas conduct preliminary assessments using their own criteria and data analyses, while external platforms such as Achilles-GoSupply, DowJones, Refinitiv and LSEG enable information from multiple sources to be consolidated, early alerts to be generated and traceability of the process to be guaranteed.

Once critical suppliers have been identified, they are assessed during the procurement process to verify that their actions are aligned with the Group's policies and principles. When a supplier has not been assessed previously and takes part in a tender with an estimated value equal to or greater than €700,000, or when a high level of risk is detected, the supplier will be required to register on the Achilles-GoSupply platform at the 360° Level, enabling the Company to obtain a complete risk

profile assessment from the early stages of the process. For tenders below this amount, or where there are no significant risks, the Basic Level will be used for the assessment.

**GoSupply registration levels**

- **360 % level** Applicable to strategic suppliers, contracts ≥ €700,000 or with a high risk. Includes full assessment of sustainability (ESG), occupational risks, cybersecurity and compliance. Requires documentary evidence and certifications.
- **Basic level** For tenders or < 700,000 or with no significant risks. Simplified sustainability and compliance assessment.
- **Elementary level** Initial applications from new suppliers. Basic registration to start the business relationship.

**Sustainability assessment model**

The sustainability assessment model, defined by Iberdrola and implemented through Achilles-GoSupply, analyses more than 40 sustainability factors, including environmental and social factors, and includes due diligence with respect to human rights and governance.

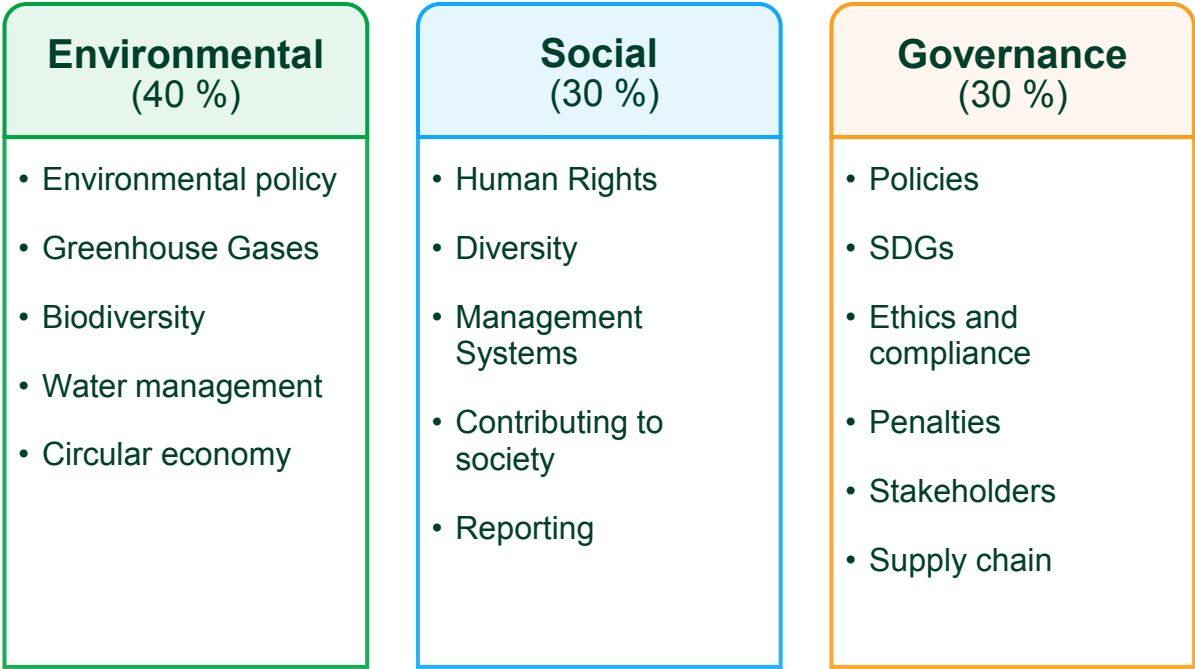


Figure 19: Sustainability assessment model.

The supplier must provide evidence of policies, certifications, management systems and operational practices. Following the assessment, they will be awarded a score and classified as adequate ( $\geq 51$  points out of 100 and  $\geq 30$  % in each area) or inadequate. In the event of non-compliance, improvement plans to guarantee compliance are discussed.

By 2024, a total of 87.9 % of awarded Iberdrola suppliers met the criteria set and were subject to sustainability policies and standards. Furthermore, €17 billion has been allocated to suppliers assessed under this model, which is 93 % of all awarded spend and therefore exceeds the Company's target.



During the period 2020-2024, Iberdrola sent 1,223 Improvement Plan proposals to group suppliers, with 66 % of them attaining the required sustainability level.

The country and sector risk assessment supplements this procedure. According to the human rights risk matrix, which identified in 2024 potential exposure in the procurement volume: 34.3 % in freedom of association and collective bargaining, 0.4 % in child labour and 1.6 % in forced labour. The high-risk countries in the 2024 matrix were the United States and Mexico.

In 2024, no contracting with suppliers was identified in which incidents related to the rights of freedom of association, collective bargaining, the use of child labour or forced or non-consensual labour have occurred, nor is there any record of any complaints having been received for the aforementioned reasons, nor any communication through the company's ethics mailboxes that has led to the cancellation of any contract or order for reasons related to human rights or labour practices. Nor have any suppliers been detected in 2024 with a significant negative social impact, nor have any incidents been recorded through the channels provided for this purpose that have led to the cancellation of orders or contracts with suppliers of the group due to negative social impacts. In order to identify these impacts, the Group has set up mailboxes in the facilities to receive human rights complaints and claims, the management of which, if received, is carried out in accordance with corporate procedures that provide for a protocol of relationship and dialogue with the affected parties and potential victims.



Iberdrola became in 2022 the first private company to be awarded the Sustainable Procurement Strategy Certificate by AENOR, based on the international standard ISO 20400:2017. According to the standard, sustainable purchases are considered to be those “that generate the greatest possible positive impact in the environmental, social, and economic fields throughout the entire life cycle of the service or product.” This certification defines how sustainability considerations should be integrated into existing procurement processes, promoting a procurement strategy that includes sustainability as a core value in decision-making. By obtaining and maintaining this certificate, Iberdrola highlights the efforts made in the development of a supply chain focused on sustainability, favouring a “back and forth” interaction with Iberdrola’s suppliers and internal Stakeholders in a continuous, transparent manner. In addition, thanks to the digital tools implemented, the management of procurement processes, risk management and compliance with the company’s governance guidelines are facilitated, making it possible to be more ambitious in the inclusion of these criteria in the decision-making process.

### **Reinforced screening in the registration of suppliers and daily screening**

Before entering into any contracts, Iberdrola assesses suppliers and debtors to prevent the risk of fraud and corruption. This analysis, carried out in accordance with the Corporate Protocol, includes the review of parent companies, subsidiary companies, executives and shareholders, and takes into consideration factors such as:

- Link to high risk countries.
- International sanctions.
- Adverse news or incidents related to human rights, modern slavery, corruption, competence, environment and other irregularities.
- Link to persons with public responsibility or public entities.

Based on the result, the Compliance function classifies the risk level:

- Higher than normal risk: all third-party operations are monitored.
- Critical risk: the supplier is blocked in the systems, which prevents any transaction or participation in procurement processes.



In 2022 this process was reinforced in 2022 with the global launch of a campaign of social audits of key suppliers of general supplies to ensure compliance with the group's ESG criteria and to validate the supplier assessment model. In 2024, a total of 48 social and sustainability audits were carried out on key suppliers, both in the geographical areas where the Group is present, as well as in countries such as Germany, China, South Korea, and the Philippines. The audits allow for on-site verification of the good practices previously declared by suppliers, the degree of implementation of action plans, and the improvement opportunities identified, with minimal deviations detected.

## Risk management and mitigation measures on human rights

Iberdrola has developed a comprehensive supplier risk management system that supports its human rights and sustainability due diligence. This system combines an initial assessment with continuous monitoring, taking into account factors such as the country and geographic origin of the supplier, the sector to which it belongs, the specific risk associated with the equipment, product or raw material, and its link to potential ethics, social, labour or environmental controversies. Thanks to this approach, the Company can identify the most significant risks and impacts and adapt prevention, mitigation and remediation measures according to each case. Additionally, Iberdrola complements these controls with actions designed to strengthen its suppliers' capabilities, helping them to better understand risks and improve their risk management through development programmes and dialogue with the potentially affected parties.

Thus, on a frequent basis, purchases in countries considered of risk have been analysed, according to the human rights risk-country map prepared by an independent third party, showing the risks taking into consideration the operational context and activities, as recommended by the UN's Global Compact. This map, updated in 2024, covers the 22 countries where the group operates, as well as the 55 countries from which it procures, and takes into account violations of the ILO Core Conventions on forced labour, freedom of association and collective bargaining, and child labour exploitation, among others.

Under this framework, the most serious risks are prioritised by severity and scope. These include forced labour and modern slavery, exposure to critical minerals, procurement from countries with low human rights protections, impacts resulting from the contracting of security services, and deforestation in the supply chain. The strictest traceability, audit and control measures apply to these areas, in line with international commitments and emerging regulations.

In technologies such as photovoltaic, the Company has strengthened **stage-by-stage traceability**, with the roll-out of **focused social audits** and **internal procedures** for managing non-compliance and remediation. At the same time, it has made advances in **Tier-N visibility** in supply chains with raw materials and critical components (e.g. storage, steel and semiconductors), combining category-based

analyses with **early agreements** with strategic suppliers to reduce origin risk and ensure responsible supply.

**Iberdrola has been highlighted in various renewable energy and human rights indices for having a clear commitment to prohibiting bribes to public officials. It also reports incidents of bribery and extends this requirement to its suppliers.**

### Tier-n suppliers

The depth of Iberdrola's supply chain is a challenge when it comes to establishing analyses and conditions beyond direct suppliers (Tier-1). Since 2021, most global supply chains have been distorted by a succession of logistical setbacks, demand surges, geostrategic and military conflicts, escalating raw material and energy costs, extraordinary global inflation, rising wage costs, and even supply chain disruptions for many sectors. With the appearance of these tensions, it has become even more important to improve the knowledge of the Group's supply chains and identify and monitor those of a higher risk. Until now, responsibility for due diligence at the next levels of the supply chain has been transferred to direct suppliers through the conditions set forth in the Code of conduct, general contracting terms and conditions, and specific clauses, supplemented by Iberdrola's actions aimed at ensuring contractual compliance.

Currently, the Iberdrola Group's sustainability assessment model for suppliers includes questions to identify elements our suppliers have in the management of their own supply chains and those with third parties overall. Suppliers must answer whether they have any of the following elements:

- Mechanisms to assess the ethical integrity of third parties with which it interacts.
- Specific terms and conditions on the fight against bribery and business ethics or other means to transfer these commitments to third parties.
- Ethic channels to be used by their own suppliers to report behaviours that may imply commission of irregularities or any action against the law or the rules.
- Specific terms and conditions on respect for human rights in all the areas where they carry out their activities, enabling the termination of the contract in case of detecting vulnerabilities.
- Suppliers' classification and assessment system in terms of sustainability.
- Social and sustainability audits to key suppliers.

### Critical minerals in energy transition: risks and responsible management

The energy transition towards a decarbonised model requires intensive use of renewable technologies such as solar photovoltaic panels, wind turbines and battery storage systems. These systems rely on a wide variety of metals and minerals, demand for which has increased exponentially in recent years.

Among the main materials used, the following stand out:

- **Lithium, cobalt, nickel and graphite**, essential for lithium-ion batteries.
- **Copper, aluminium and silver for electricity transmission and generation.**
- **Rare earths**, such as neodymium and dysprosium, used in permanent magnets for wind turbines.
- **High purity silicon** for manufacturing solar panels.

This growth has given rise to new risks in supply chains, especially in situations where the extraction and processing of these materials occur in conditions that could impact human rights, affect local communities or have severe environmental impacts.

Iberdrola recognises these challenges and has adopted a proactive approach to ensure that the energy transition is fair, inclusive and sustainable. The Company includes human rights due diligence criteria in its procurement processes, aligning itself with the **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas**, as well as with standards stemming from the **EU's Critical Raw Materials Directive**.

## Lines of action

### 1. Assessment of risks at origin

Iberdrola has developed a dedicated matrix for assessing country risk in the supply of critical minerals, taking into consideration factors such as the respect for labour rights, environmental protection and the presence of vulnerable communities. This matrix is updated on a frequent basis with the support of independent experts.

### 2. Traceability and control of the supply chain

The Company requires its suppliers to have traceability mechanisms for verifying the origin of materials used in the equipment purchased. In sectors such as photovoltaic, contractual clauses have been included that enable social and sustainability audits that include verification of compliance with international standards.

### 3. Sectoral collaboration and the circular economy

The Iberdrola group takes active part in the main sector initiatives, such as the **Solar Stewardship Initiative (SSI)** - promoted by *Solar Power Europe* and *UK Solar Power* and **WindEurope**, where manufacturers also intervene. Iberdrola is part of the Governance Board (SSI Board) a *multistakeholder* council: it includes representatives from manufacturers, purchases (utilities and developers), the civil society, experts in human rights and institutional observers. This structure seeks to balance interests and to guarantee transparent governance.

The common goal is to establish standards and tools that provide objective evidence that human rights have been respected in the manufacturing of equipment used in renewable projects. This participation allows to monitor risks and define prevention and mitigation measures.

Iberdrola joined the group of companies that make up the SSI in anticipation of the regulatory scenario brought about by the Fundamental Raw Materials Regulations, approved in March 2024. This initiative has led to the development of protocols for assessing ESG performance, guaranteeing traceability in supply chains and establishing a code of conduct based on international standards, complemented by assurance and governance mechanisms. Of the standards created, the **SSI ESG Standard** and the **SSI Supply Chain Traceability Standard** are particularly noteworthy. These standards are used by independent assessors to verify compliance with stringent criteria as regards sustainability and environmental, social and corporate governance in the solar value chain.

In 2025, the SSI updated its protocols so as to require ESG certification and traceability throughout the entire solar chain, to establish goals and to strengthen transparency by means of detailed reports from 2026 onwards. As a member of SSI, Iberdrola works towards:

- Ensuring that energy transition is fair, inclusive and respectful with human rights.
- Establishing mechanisms to provide transparency in the supply chain, ensuring integrity in the global solar industry.
- Allowing on-going improvement of sustainability performance of members involved in the initiative.
- Preparing the industry for future relevant laws and regulations on sustainability, transparency and due diligence in responsible supply chains.
- Building confidence of regulators, customers and business partners in the sustainability of the solar value chain.

In addition, Iberdrola drives circular economy projects such as recycling wind turbine blades and batteries.

### Preventing forced labour in the supply chain

A large share of global production of essential equipment for the energy transition, such as photovoltaic modules, wind turbines and electrical components, is concentrated in China. However, this geographical concentration gives rise to specific potential risks in relation to human rights and sustainability, particularly in regions where the possible use of practices such as forced labour has been documented. As such, it is necessary to adopt due diligence measures that enable adverse impacts to be identified, prevented and mitigated at all stages of the supply chain.

In 2021, Iberdrola identified a potential risk in its PV supply value chain, following allegations of possible forced labour in the Xinjiang region (China) linked to polysilicon producers supplying polysilicon to solar module manufacturers.

Consequently, the Company has strengthened its due diligence mechanisms in order to ensure compliance with its Code of Conduct for Suppliers and respect for human rights at all levels of the supply chain for both photovoltaic technology and other critical equipment produced primarily in China.

The solar panel supply chain includes multiple supplier tiers, from the extraction of raw materials to the manufacture and distribution of equipment. The supply chain comprises multiple tiers; assessment of Tier 1 suppliers is essential in order to anticipate impacts on subsequent tiers.

## Measures adopted and alignment with the UN Guiding Principles

### 1. Identification, assessment and prioritisation of risks

Iberdrola has conducted an analysis to identify potential risks linked to Xinjiang, with particular focus on forced labour and modern slavery in the supply chain for its main equipment, and photovoltaic equipment in particular. These risks have been prioritised based on their severity and their potential impact on human rights, with specific prevention and control measures being activated.

### 2. Exercising influence on suppliers

The Company requires its suppliers to have responsible practices free from forced labour. A lack of commitment or sufficient evidence could affect the continuity of the commercial relationship. The requirements set include:

- Explicit declarations rejecting forced labour, in addition to acceptance of Iberdrola's Code of Conduct for Suppliers.
- Traceability and social audit clauses that enable the origin of the materials used to be verified, thereby avoiding the purchase of components from high-risk areas.
- Sharing codes of conduct and ethics applicable to their company and their suppliers.
- Inclusion in contracts of the right for Iberdrola to conduct on-site social audits and traceability audits via independent third parties.
- Contract termination clause enabling Iberdrola to rescind the contract in the event of non-compliance, including violations relating to human rights, forced labour or other practices contrary to applicable legislation, Group policies or the Code of Conduct for Suppliers.

### 3. Reinforced procedures for high-risk situations

One of the most relevant measures to prevent and mitigate forced labour is the development and implementation of a reinforced procedure applicable to major equipment suppliers, when there are circumstances that indicate a high inherent risk, such as:

- Suppliers involved in the production and supply of PV modules with operations or subsidiaries in regions where there is a high risk.
- Suppliers of any other main equipment likely to have operations, subsidiaries or suppliers in regions such as Xinjiang or other areas identified in specific regulations.
- Appearance of negative references (adverse media) on ESG data bases or internal analysis (*Dow Jones Risk & Compliance*, *RepRisk*, *MSCI*, *Sustainalytics*, etc.).
- Receipt of complaints or reports on inadequate labour practices through the Internal Reporting System.
- Location in countries with a significant risk of modern slavery, according to internal methodologies.
- Insufficient social performance according to the 360° supplier assessment model.

The inherent risk level is established according to the concurrence of these circumstances, and additional measures are applied, such as specific contractual clauses, external certifications, or traceability and social audits. These actions reduce residual risk and condition the final decision to contract.

#### 4. Sectoral collaboration and dialogue with stakeholders

Iberdrola actively participates in sectoral initiatives such as Solar Power Europe and WindEurope, which promote a responsible solar photovoltaic supply chain. At local level: Avangrid, the group's US subsidiary, has signed the Solar Energy Industries Association (SEIA) pledge opposing forced labour, supporting the development of a "Traceability Protocol" to identify the origin of raw materials used in the solar industry.

#### External verification and results

Despite the fact that the analyses of Tier 1 suppliers have not identified any material risks associated with Xinjiang, Iberdrola has sought external verification of this information through social audits compliant with international standards such as SMETA (Sedex Members Ethical Trade Audit) and conducted by independent bodies, and through the use of digital technologies for supply chain traceability. On the date this report is published, no significant risks have been detected in the audited suppliers. Additionally, the supply chain due diligence processes extend to the destination countries for projects, including photovoltaic projects, where the results of risk assessments are essential for guaranteeing consistency between corporate commitments and local regulatory and social expectations.

Finally, destination countries for projects participate in the supply chain due diligence processes, meaning that the risk assessment results are essential for them.

### Deforestation in the supply chain

Deforestation in the supply chain refers to the removal or degradation of forest areas as a consequence of economic activities involved in the production of goods and services. This occurs when companies, directly or indirectly, contribute to the destruction of forests at any stage of their supply chain, from the extraction of raw materials to the manufacture and distribution of products.

Iberdrola, in the last amendment of the Suppliers' code of conduct, included a clause demanding the prevention of deforestation, ensuring that there is no supply products that cause it, as well as the loss of biodiversity, and guaranteeing the conservation of land and water resources in those environments in which they operate or have an ability to influence from any of the suppliers, including wind turbine blades, reels and pallets and wooden poles. In 2023-2024 Iberdrola carried out a scoping analysis among its suppliers to identify those that use wood in their products.

### Promoting equality of opportunities within the supply chain

To further the goal of equality of opportunities, Iberdrola Australia incorporated minimum targets into all of its major construction contracts in 2023. Contractors are obliged to make reasonable efforts to achieve these minimum targets for the inclusion of under-represented groups in the total workforce by strengthening the participation of the indigenous economic community.

### Hiring of security services

Another relevant risk in the supply chain results from the contracting of security services with potential impact on the physical security of communities, including human rights defenders. The Corporate security policy and the specific procedures adopted by the Corporate Security Division for each situation and country are compatible with both international human rights standards and the laws of the countries in which the company is present.

The action protocols are defined and implemented across all the activities and services provided by the Corporate Security Division, with a Quality Management System which has been certified since 2003 in accordance with the ISO 9001 Standard. It is annually and externally reviewed by AENOR in the countries where it is established, to ensure compliance with the requirements of the Standard and those of the management system. The hiring of security and surveillance service providers is carried out in accordance with the current purchasing policy, model, and procedures.

The Corporate Security Division is responsible for setting the technical specifications and criteria to be met by suppliers, both in terms of physical security, resources, training, cybersecurity, and their annual evaluation during the performance of their contract. Training in human rights is of the utmost importance for Iberdrola, as reflected in the following table. The personnel, own and subcontracted, are qualified in their functions and their skills and capacities are reinforced with a rigorous training plan, with consequent continuous evaluation and monitoring.

People carrying out safety activities trained on human rights

Trained personnel	2024	2023
Own personnel (number)	254	275
Own personnel trained in human rights (number)	213	235
Own personnel trained in human rights (%)	83.9 %	85.5 %
Sub-contracted personnel (number)	1,207	1,184
Sub-contracted personnel trained in human rights (number)	924	867
Sub-contracted personnel trained in human rights (%)	76.6 %	73.2 %

In 2024, the Group continued strengthening its commitment to the Voluntary Principles on Security and Human Rights and the [International code of conduct for private security suppliers \[See PDF document. Opens in a new window\]](#) taking this elements into consideration when reviewing its commitment to human rights as a result of its security practices.

Audits and monitoring

The procurement process is subject to **internal and external audits** and is supported by accessible **ethical channels** (including the option of making anonymous complaints with a guarantee of no reprisals), which trigger investigation protocols and, where appropriate, corrective and disciplinary measures. Iberdrola conducts **sustainability and social audits** on suppliers in accordance with risk matrices and periodically evaluates the **effectiveness** of its due diligence system.

In 2024 the procurement procedure was audited internally and by third-parties, and no non-conformities were detected. Recommendations and areas for improvement arising during these reviews are analysed and implemented to constantly improve the related procedures.



In Iberdrola, 100 % of relevant suppliers of general supplies are assessed following this management approach and taking into account their significant human rights risks in relation to their impacts on society. These risks are managed and mitigated through the quality processes in place and regular audits carried out by each business unit. This strategy was reinforced in 2022 with the global launch of a campaign of social audits of 42 major suppliers of general supplies to ensure compliance with the group's sustainability criteria and to validate the supplier assessment model.

In 2023 and 2024, new editions of this initiative were launched, targeting a further 46 and 48 key suppliers, respectively. The results of these three campaigns have been very satisfactory, as the independent auditors have been able to verify the good practices previously declared by the suppliers "in situ", with minimal deviations detected. It is therefore very positive to continue this global initiative in the coming years.

In addition, in 2024, the company continued the activities of the multidisciplinary working group to monitor the risk of forced labour in the solar panel supply chain, created in 2023, with the aim of further assessing this risk, interpreting legislative developments and defining the measures necessary to strengthen the company's due diligence in this area.



ScottishPower's new suppliers are subject to a screening process by Compliance through a risk assessment tool that assesses suppliers, as well as their connected parties, before they register with ScottishPower. This tool includes any risks related to modern slavery.

During 2023, and in the following years, in collaboration with the Global Compliance team, a new due diligence survey questions on modern slavery was implemented in the onboarding process. These questions are designed in particular to highlight suppliers that have operations in countries with a higher prevalence of modern slavery and to assess the measures suppliers have taken to resolve or address that risk. Any issues identified through these questions are reviewed by ScottishPower's Compliance Unit and discussed with business partners to assess the risk and agree on any appropriate mitigation actions, all prior to the supplier onboarding process.

## Sectoral collaboration and supplier development

Iberdrola is convinced that in order to address the respect for human rights in supply chains, joint sectoral action is essential, in addition to the support of regulators and society. Therefore, the company has also collaborated with various external initiatives to ensure accountability and improve the traceability of the supply chain for certain equipment such as solar modules.

As part of its commitment to a sustainable management model, the company invites suppliers to align with its sustainability goals, through the implementation of good practices in human rights. Iberdrola has the responsibility and the ability to encourage its suppliers to improve their environmental, ethical and social performance through actions that promote excellence in sustainability management.

The Group combines the enforcement of standards with the **continuous improvement** of its supply chain performance through **development and training programmes** in the areas of sustainability and human rights, as well as through dialogue with and support for SMEs.

It also participates in **sectoral initiatives** and establishes **early partnerships** with key suppliers to share best practices, anticipate regulatory and technological requirements and **enhance traceability**, thereby reducing risks and facilitating mitigation at scale.

As mentioned in the section on Critical minerals in the energy transition, Iberdrola actively participates in sectoral initiatives such as the **Solar Stewardship Initiative (SSI)** and **WindEurope**, alongside manufacturers, to develop standards and tools that guarantee objective evidence that human rights are respected in the manufacture of equipment for renewable projects.

## Supplier development

The Iberdrola Group, in collaboration with other entities, has launched several initiatives aimed at developing capabilities to systematically improve suppliers' practices and performance in specific areas. During 2024, several programs have been launched, mainly focused on training in sustainability and collaboration with suppliers to calculate and reduce their carbon footprint, among which the following stand out:

- Participation in the 2nd edition of the Sustainable Suppliers Training Program.
- Participation in the third edition of the Sustainable Suppliers Training Program.
- Training program "Sustainability for CEOs and Executives" for SMEs.
- Decarbonisation plan for SMEs.
- Emissions calculator

Some of these programs go beyond supporting corrective actions and, as a general rule, are medium-term programs that require time to be implemented. These initiatives represent a long-term commitment to developing capabilities and knowledge, with the objective of improving sustainability performance. In 2024, a total of 920 suppliers were included in these supplier development programs, representing an increase compared to the previous year.

## Alignment of purchasing and supplier management with human rights criteria

The figure below presents a summary of the main mechanisms in place to align procurement and supplier management with regard to the environment and sustainability in the table below:

### Internal mechanisms:

Type of internal mechanism	Description
<b>Purchasing policy</b>	Encourage rigorous compliance with the contractual conditions by suppliers, with particular attention paid to the principles outlined in the Policy in regard to human rights.
<b>Supplier registration and classification</b>	Acceptance of the <a href="#">Suppliers' Code of conduct</a> [See PDF document. <a href="#">Opens in a new window</a> ]. Weighting of the supplier's status with regard to sustainability, labour practices and respect for human rights. Analysis of the supplier's risk in terms of modern slavery.
<b>Screening</b>	Blocking and remedial plan for cases in which a supplier has been sanctioned or there are signs their activities may violate human rights
<b>Annual improvement goals</b>	New feature: putting in place annual improvement goals for the Procurement Team that are directly linked to improvements in suppliers' sustainable development; these are linked to variable remuneration
<b>Sustainable Development Committee and Plan</b>	The Procurement Division is represented on the Group's Sustainable Development Committee: guidelines; goals and associated indicators; multidisciplinary working group at the corporate level to monitor the risk of forced labour in the solar panel supply chain.
<b>Transparency &amp; Reporting</b>	Purchase Indicator in risk countries Infographic Contribution to Sustainability Annual Procurement and Supplier Management Report published on the corporate website.

### External mechanisms with suppliers:

Type of external mechanisms with suppliers	Description
<b>Code of Conduct for Suppliers</b>	<b>Labour practices:</b> respect the protection of basic human and workers' rights, as recognised internationally, within their area of influence (forced labour, child labour, etc.) Extension of requirements to subcontractors and the rest of the supply chain of the supplier.
<b>Specific contracting terms and conditions</b>	Specific contractual clauses relating to the supplier's social responsibility based on the UN Universal Declaration of Human Rights, ILO Conventions and the principles of the Global Compact
<b>Traction campaigns</b>	Specific "reinforced" clauses in contracts, based of the risk profile of the supply
<b>Modern Slavery Act</b> (United Kingdom and Australia)	As a locomotive company, we drive suppliers in areas of common interest to ensure reliable and responsible behaviour throughout the supply chain

Type of external mechanisms with suppliers	Description
Sustainability Assessment Model	Supplier classification and auditing protocols adapted to contractual clauses in material contracts
Supplier of the Year Award	Specific section to assess the supplier's performance in terms of compliance and respect for HR Social and sustainability audits at the workplaces of selected key suppliers

## Local communities

### Integration

Iberdrola includes a human rights perspective in its relationships with local communities, taking a structured approach combining digital tools, policies and procedures. The **Social Management and Community Relations Procedure (SMCP)** establishes minimum standards for the management, assessment and documentation of social impacts at all stages of the project life cycle: development, construction, operation and maintenance, and decommissioning. This procedure builds on the principles of the **Policy and the Stakeholder Relationship Model**, which guarantees inclusive and interactive processes aligned with the United Nations Guiding Principles and the EU Corporate Sustainability Due Diligence Directive (CSDDD).

The inclusion of a human rights perspective can be seen in the **Environmental and Social Impact Assessment processes**, which include socioeconomic, cultural and environmental analyses, and the identification of vulnerable groups and indigenous communities. These studies enable specific plans to be defined, ensuring that potential impacts are managed preventively and interactively. These plans include plans for managing environmental impacts with social effects, plans for relations and communications with communities, plans for managing sociocultural heritage, archaeological management plans, livelihood restoration plans, land and easement acquisition plans, social and environmental investment plans, indigenous community plans, and labour and health and safety plans, among others. Additionally, Iberdrola has accessible and culturally appropriate communication and complaints channels for affected communities, boosting transparency and trust.

These plans implement countless types of actions, such as the implementation of preventive measures to strengthen the security of electricity grids, the mitigation of adverse socioeconomic and environmental impacts with social effects, and the assurance that in the rare event that a community is displaced, it is done respectfully.

In turn, the contracting of security services with potential impacts on the physical security of communities is another significant risk identified by Iberdrola. In this regard, the Company has a [Security Policy \[See Iberdrola's website. Opens in a new window\]](#), as well as a range of procedures to ensure that its activity is compatible with applicable regulations. In addition, it has defined protocols for all activities provided by the Security Division. This management approach is accompanied by other actions, as well as a major training effort for in-house and subcontracted

security personnel, as described below in the section [Health and safety of customers and the population overall \[See the relevant section of this document\]](#).

## Prevention and mitigation

Communities are another Stakeholder group on which Iberdrola's activities may have potential or actual impacts. To prevent and/or mitigate them, the company has implemented various actions, including measures to reinforce security in electricity grids, mitigate negative socio-economic impacts, ensure that the displacement of populations is carried out in a way that respects the rights of those affected and the applicable regulations, guarantee a responsible supply that takes into account the rights of communities to access natural resources and, finally, respect the rights of indigenous peoples and minorities. In addition, the company has implemented multiple community support programmes which, together with actions to mitigate potential impacts, contribute to a better integration of operations in local.

### Mitigation plans in the communities around the facilities

Environmental impact mitigation plans for facility construction and operating licenses are a clear example of mitigation measures since there is often a correlation between environmental impacts and human rights. Below is a series of examples of mitigation actions in which there have been specific controversies. Mitigation measures remain in force during the life of the plant.

The Environmental Impact Assessment (EIA) studies prior to the construction of the facilities include a Social Impact Assessment (SIA) in accordance with the legislation in force in each of the countries and must be approved by the competent authorities. In those countries with indigenous communities, they also incorporate a specific social impact study for this group.

**Iberdrola has been highlighted in various renewable energy and human rights indices for carrying out environmental impact assessments. It is among the only companies in the energy sector to refer to examples of cumulative impact assessments, taking into account wider ecosystem impacts.**

These assessments include the analysis of potential impacts on human rights, such as the right to a healthy environment through an assessment of the natural environment. This assessment analyses, among other, environmental impacts such as emissions, discharges, waste, fires, effects on biodiversity in the area and recovery of spaces, changes in land use, changes in the appearance and quality of the landscape, restriction of access to water resources and forestry, etc. When it comes to taking action to ensure the fundamental right to enjoy an adequate standard of living, an assessment of the social and economic environment is also carried out. This assessment addresses demographic aspects such as the population evolution in surrounding municipalities, the existence of historical and cultural heritage, the increase in the demand for employment in certain sectors and the deterioration or boost of basic infrastructures, such as roads or railway networks, etc.

During the time of processing these impact studies, the applicable legislation guarantees the consultation and participation of both interested parties and public administrations.

In addition, the project documentation is subject to a public information requirement for a variable period of time depending on the legislation in force in each country. In addition to these legal requirements, Iberdrola has implemented the Stakeholder Engagement Model, as well as a Social and Community Relations Management Procedure. All these mechanisms help to ensure that the views of the consulted Stakeholders are taken into account in the definition of a future project. Finally, the impact studies define the preventive, corrective or compensatory measures necessary to mitigate the identified aspects. Practically 100 % of the company's main centres of activity are subject to this type of action, focused on meeting the needs of its stakeholders, especially local communities.



An example of an impact mitigation measure applied by Neoenergia occurs during the construction stage of its transmission lines. In this process, the route of the line and the location of the substations are mapped to impact as few people as possible. When those routes may affect the communities, campaigns are carried out to inform the community about the project and to raise awareness about the safe coexistence with the transmission line.

In addition to the acoustic impact, another impact is related to the safety of the communities near wind towers, where meetings are held with the communities to raise awareness about the safe coexistence with the wind farms, informing them about all the precautions that the community must take with the wind and transmission towers installed on the site.



Iberdrola México applies specific measures to avoid local impacts, such as the design and implementation of road maintenance and repair plans to guarantee safe transit, training for internal and external security teams on the use of force and human rights, the implementation of emergency response programmes to ensure the physical integrity of employees and inhabitants, and the resolution of questions in communities where there is a perceived risk to health or the environment.

In accordance with the Environmental Impact Study for the **Cuyoaco** project, actions focused on the prevention, elimination, reversal and mitigation of significant impacts are planned. These strategies include preventive measures to avoid foreseeable environmental damage and mitigation measures to restore or compensate for the previous conditions. Some of the more notable programmes applied are the **Wildlife Management Programme**, the **Environmental Management Programme**, **Comprehensive Waste Management Programme** and the **Training Programme**.

Additionally, corrective mitigation actions are taken when impacts are detected.



In communities near wind farms in Rio Grande do Norte in Neoenergia, complaints about noise from wind towers were captured by the Complaints and Grievance Mechanism. Verification studies and household interventions were carried out following Brazilian methodologies (Standard - NBR 10151) for noise measurement. Following these studies, the residences affected by noise pollution were identified and reforms were done to install noise-cancelling devices. These studies have guided the Working Group (Noise WG), which aims to identify opportunities for improvement and draw lessons learned from past wind farm constructions (currently in operation) and create procedures for the next wind farms, to be built by Neoenergia, to prevent noise impact on the community, with design guidelines that increase the distance between the tower installation and the community.

Studies have also been conducted on the safety of local residents due to the speed of vehicles used by Neoenergia subcontractors. To stop this impact, awareness-raising was carried out with wind farm workers to enforce speed limits in the traffic lanes into the wind farm.



In Iberdrola Australia, the potential complaints related to noise from Bolivar Power Station (BPS) operations, an assessment is being carried on the operations at the time of the event, the known noise characteristics of the facility and any other activities that occurred at the site at the time that may have contributed to the complaint. Based on the internal assessment, Iberdrola will propose mitigation or, where appropriate, reparation measures to the claimant. If necessary, an independent noise consultant could be involved.

### Consultation processes with local communities

Generally, consultation with and input from local communities form part of the process of identifying communities and associated land. The Company holds meetings, workshops and interviews to identify impacts, and to identify affected parties and understand their needs and concerns. Additionally, land and resources of cultural significance to local communities are identified through mapping and documentation processes. Among other reasons, this is important to enable identification of legitimate rights holders, including indigenous peoples and lands.

When completing the general process of identifying stakeholders, it is crucial that the company explicitly identify vulnerable groups and recognise their vulnerabilities. This process of identifying vulnerable groups includes two significant elements that align with the UNGPs:

- Context analysis: to assess the social, economic and cultural context of the local communities and identify factors that make them vulnerable, such as a lack of access to basic services, discrimination, or loss of land.
- Impact study: to understand how the Company's activities may affect local communities and their lands. This includes environmental, social and cultural impacts.

In order to reinforce the identification of communities and improve the management and mitigation of impacts on the communities in which the group has a presence, Iberdrola has a Social and Community Relations Management Procedure, which ensures that public consultation processes are in line with the recommendations set forth in the UNGPs.

For the implementation of this guide, the areas have a digital tool that facilitates the management and documentation of community consultations. Both tools will favour a better management of the process, thus allowing an efficient follow-up of the actions foreseen in the action plans for the mitigation or remediation of any impact that may occur in the environment of the facilities. Energy planning (energy sources, technologies and long-term needs) is carried out by the public authorities, and this is the institutional sphere in which the different interest groups can take part according to the mechanisms established in each country.

Once the most appropriate infrastructure has been selected, the views of the affected communities are taken into account through consultation processes, which vary according to the country and the type of facility. In addition, in the planning and development stage of each project, relations are maintained with local communities, authorities and all relevant stakeholders, and channels of dialogue are established with them. These channels are complementary to those available in the Environmental Management System, so that Stakeholders can send their queries, complaints, requests for information or any other type of request to minimise impacts on the area.



ScottishPower Energy Networks (SPEN) attaches great importance to the effect that its works may have on the environment and on the people who live, work and spend leisure time in the areas in which the existing or proposed infrastructure is located. Engagement exercises are carried out with communities, landowners and other local stakeholders at each stage of the development of transmission infrastructure projects.

Participation in the prior consent application stage is reported by the publication of the selected route, supported by a route document. This is supported by community engagement events, individual meetings with landowners and community and parish councils. After the consultation, the company publishes a Consultation Report, responding to community comments and explaining how these comments influenced the final route or site selection. Detailed discussions and meetings are held with landowners affected by the proposals throughout the development process. The company has also published its Land Code of Conduct, setting out its commitments to engage with landowners. This covers access to land, works on the land, compensation for damages and details on the easement and easement permit process.



The New England Wind project has an Avangrid Fisheries Communication Plan, managed by Avangrid's fishing liaisons. The plan is reviewed and receives feedback from fishing representatives and their respective fisherpeople, all of whom are responsible for facilitating communication with the fishing industry. Feedback is obtained through these relationships, as well as through direct lines of communication with the representatives of regions, industries and potentially impacted fishing communities.



Iberdrola Australia consults extensively throughout the life cycle of its projects to ensure communication with affected communities. Concerns in relation to development and operation sites include potential noise impacts on communities. Iberdrola Australia has carried out noise monitoring of the plant when it was installed in Lonsdale and used this data to predict its noise emissions and any impacts on relevant noise sensitive receptors at its new location in Bolivar. Iberdrola has also carried out a background noise level assessment at Bolivar prior to the construction of the plant to help determine the environmental noise criteria and for the design of additional noise attenuation for the gas turbines.

The company has provided management measures to ensure that any potential noise impacts from the facility on noise sensitive receptors (NSR) are addressed and minimised where possible. Its plan aims to outline the following:

- Existing environment
- Description of operational activities, noise data and potential noise impacts.
- Sound measurement
- Additional measures and tests to manage noise are required
- Description of roles and responsibilities for the implementation.
- Community participation policies and complaint handling.



### **Free, Prior and Informed Consent (FPIC)**

Iberdrola aligns its commitment with ILO Convention 169 and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and establishes due diligence processes to proactively manage potential impacts on land rights, as well as economic, social, cultural, and environmental aspects with social implications.

The company is committed to:

- Respecting FPIC and implementing robust due diligence in line with the UN Guiding Principles on Business and Human Rights (UNGPs) and the EU Corporate Sustainability Due Diligence Directive (CS3D).
- Ensuring community participation processes and stakeholder engagement aligned with international standards.
- Coordinating with competent authorities (e.g., FUNAI in Brazil) without replacing their functions.



At Iberdrola México there are prevention and mitigation measures to prevent impact on municipalities, such as:

- Design and implementation of road maintenance and repair plans in the event that the Project may cause any impact and, in this way, guarantee the free and safe transit of cars and pedestrians.
- Training of internal and/or external security forces on use of force and human rights.
- Implementation of emergency response programmes to respond in a timely manner to potential risks or emergencies that could be caused by the Project and thus ensure the physical integrity of personnel and the inhabitants of the communities.
- Resolution of queries and uncertainties in the communities where there is a perception of damage to health and the environment in relation to the operation of the Projects.

### Management of population movements

During the planning stage of new projects, Iberdrola assesses the land that will potentially be occupied, opting for land that involves less displacement of people who either live nearby or whose economic activities are affected. If finally this is the case, Iberdrola analyses the economic, environmental and social consequences of these projects with the public administrations and, together with the local communities, consults with them to define the corrective measures deemed appropriate. Likewise, in the case of indigenous communities, channels of dialogue are established with the participation of the State and the different organisations that represent them, in order to inform them about the projects with due transparency and integrity.

The assessment of affected resources and assets is carried out in line with criteria designed to be transparent and fair, taking into account generally accepted practices and references to ensure appropriate compensation and the possibility of restoring living conditions. Various alternatives are being considered to address the needs of the people involved, which may include financial compensation, housing solutions and measures aimed at restoring livelihoods, while promoting spaces for discussion and actions that foster understanding and acceptance of the proposals.

In the construction of the Támeiga hydroelectric complex (Portugal), detailed socio-economic studies were carried out for several years on the potential dwellings affected by the project. The studies incorporated a prior assessment, addressing the needs of each of them and evaluating possible relocations to areas with similar characteristics. Eventually, a total of 59 households were identified, of which only 50 % were permanent residences. In relation to the displacements that were identified as necessary, economic compensation was provided in accordance with the Portuguese Expropriation Law and according to the methodology implemented by Iberdrola regarding the management and definition of displacements and possible

economic damage. Furthermore, in collaboration with the Portuguese administration and the municipal chambers, compensation of 1.4 million euros was determined, in accordance with what was approved in the Socioeconomic Action Plan, in addition to the expropriation process, in order to improve the relocation conditions of the families affected and to maintain their habits and traditions. In 2023, the relocation of the families still to be displaced (15 people in the Upper Tamega) was completed. In addition, 1.1 million of the 1.4 million euros approved in the financial compensation plan has been paid to date.

This type of economic displacement has also occurred in France where 68 fishermen were affected in the context of the Saint Briec project. All of them have received a compensation, in accordance with the scheme approved.

In Brazil, the physical displacement of 6 people was necessary in two electricity transmission grid projects affected by the easement zone, 2 people in Morro do Chapéu and 4 in Vale do Itajaí. They all received their economic compensation.



ScottishPower Energy Networks (SPEN) conducted detailed socio-economic impact assessments through an Environmental Impact Assessment (EIA) and community and landowner participation in these assessments for the Kendoon to Tongland transmission line reinforcement.

Thus, the final socio-economic impact assessment was preceded by three rounds of prior consultation with communities (conducted over a three-year period), during which the routes and sites for the proposals were subject to community feedback checks on issues of local interest, including households and businesses, and the interests of landowners, including impacts on land use, such as forestry and agriculture.

### **Potential impacts on local communities and indigenous peoples' rights**

Iberdrola and its employees, in application of its Governance and Sustainability System, and in particular as a result of the provisions of its Code of conduct and Policy on Respect for Human Rights, are committed to respecting both the rights of ethnic minorities and the internationally recognised rights of indigenous peoples, in accordance with applicable law and the obligations established by Convention 169 of the International Labour Organisation (ILO) and the United Nations Declaration on the Rights of Indigenous Peoples.

The company is present in four countries where there are indigenous communities (Brazil, Mexico, United States and Australia). In areas with traditional and indigenous communities, Iberdrola promotes the development of business activities with respect for the different cultural identities, traditions, and environmental wealth, as these communities often depend on natural resources for their subsistence. The company strives to identify these groups and their relationship with the lands, territories and resources in accordance with applicable laws in each country.

The company, aligned with ILO Convention 169 regarding Free, Prior and Informed Consent (FPIC), establishes channels of dialogue with these communities and their representatives, as well as with the participation of the state, to report with due transparency and integrity on project development. Despite the management carried out, there may sometimes be direct or indirect effects on these communities in some facilities. Therefore, the Company promotes ethical practices with the aim of preventing conflicts and generating mutual benefit. It also has the necessary mechanisms to carry out repairs in the event of an impact.

In Brazil, in the north of the state of Sao Paulo (Mongaguá), various actions are being carried out in the territory of the Tekoá Mirim indigenous community, affected by the extension of an electricity transmission line. These actions are identified within the Indigenous Component Study (ICS), prepared by Neoenergia taking into account the opinion of the community. This includes various actions to mitigate the impacts identified, including the donation of land to the community as part of the land regularisation carried out in the context of the project's licensing, as well as other environmental measures.

Finally, in Mexico, the "Luces de Esperanza" (Lights of Hope) project is being developed with rural and indigenous communities, offering solar electrification solutions to rural communities without access to electricity. In 2024, more than 473 people benefited and 112 homes were provided with electricity in the state of Puebla. In addition, within the framework of the "Energy for the Countryside" programme, the "Community Kitchen Gardens" project was implemented in a locality in the state of San Luis Potosí (Ixteamel). The project aims to promote self-sufficiency in these communities by harvesting certain foods, training families to care for the kitchen gardens, encouraging the cultivation of healthy food and supporting the local economy.



Meanwhile Avangrid, in connection with the New England Wind project, a system has been set up to support fisheries communication and engagement: the company employs fishery liaisons (FL), fishery representatives (FR) and on-board fishery liaisons (OFL) to support operations on the high seas.



Neoenergia has a presence in regions inhabited by indigenous peoples and traditional communities. It conducts its business activity with respect for the different cultural identities, traditions and environmental riches that ensure the well-being of these populations and their physical and cultural reproduction. The company carries out a socio-environmental diagnosis of indigenous populations in several municipalities, for example in Pernambuco, through dialogue with indigenous leaders. Linked to the result of the diagnosis, solutions are implemented to connect new customers, maintenance and reinforcement of the network, pruning, Social Tariff registration, energy efficiency actions, among others. They also develop specific studies (Indigenous Component of the Basic Environmental Plan - IC-BEP) in Praia Grande (SP), in the Tekoá Mirim Indigenous Land. Prior to the preparation and execution of the IC-BEP, Neoenergia donated a 278-hectare plot of land to the community and allocated around R\$ 344,000 for the physical structuring of the new village, subsidising the construction of the prayer house, adequacy of the water collection system, among other improvements.

Additionally, in communities such as the Guaraní Tekoá Mirim, some of the environmental studies in their area of influence were drafted with a participatory methodology involving the indigenous peoples and associations that represent them throughout the process, ensuring the community's Free, Prior and Informed Consent. With the aim of anticipating the right to land of the indigenous peoples, within the scope of the Land Regularisation Programme, a component of the environmental studies carried out on the site, the donation of an area of 278 hectares was made, and the notarial regularisation of the land is being negotiated, which will benefit 17 families and a population of approximately 51 people. Financial support was also provided in the form of emergency measures to subsidise the physical structuring of the new village



Iberdrola Australia has developed meaningful relationships with First Nations communities based on open and transparent communication and a focus on creating lasting and meaningful social and economic opportunities.

To ensure respectful engagement, the company encourages and seeks cultural awareness among its staff and contractors. This involves developing an appreciation of Australia's indigenous history, an understanding of cultural heritage and a respect for the identity of First Nations communities in Australia.

The involvement of First Nations communities is defined by a focus on the following areas:

- Recognition and respect for the rights and interests of First Nations on land;
- Respect for First Nations organisational structures and representative bodies; Education opportunities for First Nations Australians;
- Economic opportunities for First Nations Australians;
- Develop relationships based on honesty, respect and trust; and
- Enhance our cultural literacy of First Nations Australians, our shared history and indigenous cultural systems, practices and values.

Mitigation measures: In the event that Aboriginal archaeological material or sites or artefacts are found, land-based activities within a 100 m radius shall cease immediately to allow an archaeologist to assess the finds and any finds to be reported to the relevant authorities.



In the event that Iberdrola Mexico's projects have indigenous communities in their area of influence, the company establishes intercultural dialogue and the corresponding free, prior, and informed consultations in accordance with applicable law and in good faith to obtain the consent of the communities in accordance with applicable law and international regulations. In Mexico, there is a legal framework that guarantees the right of indigenous peoples to free, prior and informed consultation, although it is not a specific law, but rather a set of international regulations and commitments to which the country is adhered, such as the Constitution, secondary laws, ILO Convention 169 and various judicial decisions.

## Social focus on the change of land use for wind and photovoltaic facilities

The transition to renewable energy, while essential to combat climate change, is not without its social challenges. Land use change for grid, wind and photovoltaic installations can generate tensions and resistance in local communities due to perceived injustice, environmental impacts, displacement and cultural changes. To mitigate these pressures, it is essential that projects are conducted with a participatory approach, respecting the rights of communities and seeking a balance between global benefits and local impacts.



In order to avoid negative socio-environmental impacts, the Neoenergia teams responsible for defining the route of the transmission lines start from a fundamental premise: avoiding population displacement and minimising the impact on vegetation. When it is not possible to completely avoid being near traditional areas or communities, measures are implemented to reduce the impact on nearby populations. As an example, during the construction of distribution lines up to 138 kV, specific impact assessments are carried out and financial aid may be granted to the affected groups, depending on the degree of impact in sensitive areas.

A specific example of this social investment aimed at mitigating impacts in the communities nearby is evident in the 138 kV Manoel da Nóbrega Distribution Line in Mongaguá, in the state of São Paulo. In this case, economic support was provided to the indigenous community of the Tekoà Mirim by: i) Acquisition and donation of 278 hectares of land to the community of the Tekoà Mirim Indigenous Land and subsequent support for the notarial regularisation; ii) Emergency support prior to the drafting and implementation of the Basic Environmental Plan, with the purpose of the physical structuring of the village.

For Neoenergia's wind projects, a Participatory Social Diagnosis (DSAP) was carried out, where, together with the affected community, the social and environmental impacts of the projects are identified and worked on. Understanding the social focus on land use change, Iberdrola seeks a fair negotiation that generates economic benefits for rural landowners who lease part of their land for the installation of wind turbines. Constant meetings are held with them to clarify the lease values and the variations that may occur in these monthly values (due to the variation in production due to wind volatility). The meetings are intended to make the information on the remuneration obtained through the lease contract more transparent and thus reduce possible social tensions.

## Customers

The whole foundation of Iberdrola's relationship with customers is based on respecting human rights, ensuring universal access to energy, protecting vulnerable groups, ensuring the supply is both safe and high-quality, and demonstrating operational resilience. This undertaking also extends to personal data protection, cybersecurity and privacy, and the promotion of health and safety among both consumers and the general population.

These actions are based on the [Governance and sustainability system of the Group \[See Iberdrola's website. Opens in a new window\]](#) and the specific corporate policies such as the [Operating resiliency policy \[See Iberdrola's website. Opens in a new window\]](#), the [Personal data protection policy \[See Iberdrola's website. Opens in a new window\]](#), the [Security policy \[See Iberdrola's website. Opens in a new window\]](#), the Sustainable development policy and the [Stakeholders engagement policy \[See Iberdrola's website. Opens in a new window\]](#), providing action principles to ensure privacy, security and accessibility of the energy supply. These are all aligned with the UN Guiding Principles on Business and Human Rights and with Directive (EU) 2024/1760 on corporate due diligence.

### **Security, quality of supply and operational resilience**

A power supply's quality and continuity are essential for guaranteeing basic rights and social well-being. Iberdrola adopts advanced management and operational resilience systems, including emergency response plans, protocols for extreme weather conditions and proactive communication measures with customers. These processes align with the regulatory standards and with the Group's Corporate Security Policy.

The Group is therefore making significant investments in its transmission and distribution lines, with the aim of extending service to new users, renewing and digitising facilities to improve service quality, and enabling the integration of renewable energy on a large scale and at the residential level, to provide power to all sectors of the economy. Updating and improving the lines also involves managing vegetation and improving infrastructure to ensure the power supply is guaranteed and that service is quickly restored if it ever goes down. All these measures help minimise the impact of potential adverse events and allow for a quicker response, while also providing efficient remediation of any potential incidents.

All parent companies carry out an annual review on the different emergency response plans. These reviews are aimed at continuously improving protocols and their effectiveness in the event of incidents. The purpose of these plans is to establish general action criteria and the relevant organisation responsible for addressing any extraordinary situation on the power grid that affects or that could seriously affect power service, not only in terms of incidents on the grid itself but also in cases where there would be a significant impact on the environment or customers due to supply disruptions. These annual reviews ensure that different plans are available, updated to current needs and that the whole organisation is aware of them.

**Key measures:**

- On-going monitoring of networks and digitisation to anticipate incidences.
- Contingency plans and action plans in case of emergency.
- Investing in improving networks
- Regulated quality indicators (interruptions frequency and duration).

**Interruptions frequency indicators**

Country	Indicator	2024	2023
Spain	<b>NEIPI:</b> is the equivalent number of interruptions of the installed power in medium voltage.	< 0.7	< 0.7
United Kingdom	<b>CI:</b> number of Customer interruptions per 100 connected customers.	29.8	33.4
United States	<b>SAIFI:</b> Average Interruption Frequency Index (SAIFI) was as follows:	1.3	1.2
Brazil	<b>FEC:</b> The average number of interruptions per customer (frequência equivalente de interrupção por unidade consumidora - FEC).	4.0	4.6



In network operating companies, Iberdrola España has Emergency Response Plans that are activated when power outages occur due to adverse weather conditions or other risks that impact the operation of the electricity system. In addition to restoring power quickly, employees work to provide accurate and up-to-date information to all affected stakeholders so that customers and other agents can be kept informed. Storm-related emergencies are situations in which almost all employees have a specific role, which may be different from their day-to-day role. For example, some of the internal audit analysts become social media coordinators during storms, to respond quickly to customers' online questions. Other employees may switch from their normal duties to serve as "cable protectors", which literally means guarding downed power cables until the situation becomes safe.

As an example of the effectiveness of the emergency plans and their execution, it is worth highlighting the exceptional response during the worst rainstorm Spain has seen this century (DANA) and the severe humanitarian crisis it caused. With more than 180,000 people without power, i-DE sent over 500 workers from across Spain to the areas of Valencia affected by DANA, while they also sent 1 million SMS/emails to communicate with customers, paying special attention to vulnerable groups. Iberdrola's rapid action and deployment of all the resources it had available to it, including installing over 120 generators, meant that around 90 % of the affected area had their power back up and running in just 48 hours, and in just over 72 hours the entire distribution network supply was recovered. Stemming from the DANA storms, Iberdrola España presented the Il.lumina project, in which it will invest EUR 100 million to redesign the electricity distribution grid affected.

## Vulnerable customers and universal access to energy

Measures for vulnerable customers are rolled out in all the Group companies, which have protection procedures for customers at risk of exclusion or in vulnerable situations to facilitate access to electricity for the most disadvantaged groups. The possibility to lengthen the collection process and relax payment conditions is given to avoid the suspension of electricity and/or gas supply due to non-payment of bills to economically disadvantaged citizens or those who have been declared vulnerable for reasons of age, health, disability or other serious reason. For example, In Spain and Portugal the Subsidised Rate is offers, in the United Kingdom the Warm Home Discount and in Brazil, we have a special differentiated rate for low-income customers offering them advantageous prices and special conditions. All this helps have a positive impact on consumers and end users. These measures also include getting involved with initiatives that raise awareness about the risk of online scams and data protection, leading to a reduction in the number of data privacy breaches experienced by end users.

**Iberdrola has been highlighted in various renewable energy and human rights indices for its practice of publicly supporting government policies that address energy access challenges.**


Iberdrola regards universal access to energy as another priority area of action, and for this reason it is continuing with its global programme, "Electricity for All". This is Iberdrola's response to the call of the international community to extend universal access to affordable, liable and modern energy services. This programme aims to ensure access to electricity in emerging and developing countries, as well as for vulnerable people in developed countries. As part of this initiative, in 2014 the company undertook to provide 16 million people with access to electricity by 2030, especially those that do not have access to distribution networks. Not only does this programme promote access to energy, it also helps protect vulnerable customers, reducing the risk of energy exclusion. Moreover, it focuses on harnessing the Company's technical, logistics, organisational and financial resources to carry out sustainable electrification actions.



Neoenergia develops rural electrification programmes, undertaken jointly with the Public Administrations as an instrument for the development and social inclusion of rural households not served by the provision of electricity services. In 2024, the funds allocated to these programmes by Neoenergia Coelba amounted to a total of 55 million euros in consolidated terms for the group.



Scottish Power offers the Priority Services Register (PSR) through which it provides additional help in managing energy accounts. The Priority Services Register can provide access to a range of priority services including free gas safety checks, among other services. Some of the reasons why people may join the PSR are if the user or someone in their household: is a pensioner, needs a continuous supply of electricity for medical equipment, is blind or partially sighted, has speech difficulties, is deaf or hard of hearing, has a disability or medical condition, is an asylum seeker, is struggling financially, is experiencing a change in personal circumstances such as divorce or bereavement.



"Luces de Esperanza (Lights of Hope)" is a programme of Iberdrola México that brings electricity to rural communities without access to electricity through solar systems. The company is working with Iluméxico to enable access to electricity for communities in the San Luis Potosí, Oaxaca, Puebla and Nuevo León. These installations are carried out in homes and community spaces in which 325W, 650W and 975W stand-alone solar systems are installed, according to the purpose of meeting the energy needs of the population.

**Initiatives to improve vulnerable customers' and communities' access to electricity**

Country	Initiative
Spain	Subsidised rate, agreements with autonomous communities to avoid cutting off vulnerable customers.
United Kingdom	<i>Warm Home Discount</i>
United States	<i>Energy Assistance Programs</i>
Brazil	<i>Tarifa Social de Energía Eléctrica</i> (Electrical energy social rate)
Italy	<i>Bonus sociali</i> (social allowance)

**Cybersecurity, data protection and privacy**

The protection of human rights in digital and operating environments is a priority at Iberdrola, particularly given the increase of hybrid threats combining physical and cyber attacks to critical infrastructures. These threats may directly affect the right to privacy, personal security, access to essential services and the integrity of vulnerable groups.

**Potential impacts on customers**

Risks arising from digitisation and automatic may cause adverse impact on customers such as:

- Interruption of the energy supply, impacting the access to an essential service.
- Exposure to personal data, infringing the right to privacy.
- Digital fraud or impersonation, with economic and reputational consequences.
- Loss of trust in the service, affecting the relationship with the company.

## How Iberdrola prevents and mitigates these impacts

To address these risks, Iberdrola applies a preventative and resilient approach integrated into its governance system, enabling it to anticipate, prevent and mitigate impacts on customers and other stakeholders. The main lines of action are:

- Protection of critical infrastructures to ensure reliability and quality of the supply.
- Protecting personal data through advanced protection systems and regulatory compliance.
- Proactively managing incidents with global teams available 24/7 and immediate response protocols.
- Being transparent and having complaint channels so customers can exercise their privacy rights.

To implement these lines of action, Iberdrola has deployed a global cybersecurity strategy that integrates digital security into its operations and corporate decision-making, along with an Operational Resilience Model that strengthens business continuity in the event of incidents. This strategy is based on:

- Three lines of defence to management risks.
- Internal certifications (ISO 27001) and compliance with the National Security Scheme.
- External audits and frequent penetration tests.
- On-going training to employees and suppliers.
- Collaboration with international bodies to reinforce cyberresiliency in the sector.

In terms of data protection and privacy, Iberdrola applies a specific governance model and management systems that guarantee regulatory compliance in all geographic areas, including the GDPR in Europe. Channels for exercising rights and filing complaints are available in all areas through data protection officers and the contact points included in the privacy notices.

In countries where the European General Data Protection Regulation (GDPR) applies, individuals have the right to compensation for data protection breaches if these have caused economic or moral harm, with compensation being governed by the various existing privacy regulations. Channels for consumers and end users to raise concerns about data privacy are regulated internally within the governance model, through the channels for exercising business rights, as well as through the mailboxes and contact points of the data protection officers (both contact points are included in the privacy notices for each area and constitute a legal requirement).



### Europrivacy Certification (2024)

Iberdrola Clientes España became the first European energy company to earn the Europrivacy seal, strengthening data protection in digital contracting and online channels. This recognition supports transparency and security in personal data processing.



The protection of our customers' personal data is key, as described in Avangrid's Personal data protection privacy policy. In 2024, its commitment to data privacy received external recognition by achieving an almost perfect cybersecurity score (98 out of 100) from SecurityScorecard, which is significantly higher than the energy sector average of 86.


## Health and safety of customers and the population overall

Protecting customers' health and safety and that of the wider population is one of Iberdrola's key commitments linked to respecting human rights. Providing electricity and gas is a basic service for well-being and economic development, and so the company applies strict regulatory standards and safety protocols at all stages of the lifecycle, from planning, to generating energy, transporting it, distributing it and selling it.

To prevent adverse impacts, Iberdrola assesses 100 % of significant product and service categories in terms of accident rate, and takes a precautionary approach across all geographic areas, including environmental and labour regulations. This approach helps minimise operational risks such as accidental contact with grids, work taking place without safety measures and incidents caused by extreme weather events.


In addition, the company works together with emergency services and authorities to provide training and protocols on how to act when faced with electrical hazards, while it also runs educational campaigns for consumers on how to safely use electricity and gas. These actions help guarantee fundamental rights such as **physical integrity**, **personal safety** and **safe access to essential services**, especially in contexts where people are vulnerable or exposed to technological and environmental risks.

Regarding electromagnetic fields, Iberdrola strictly complies with current regulations and maintains levels well below the legal limits established by **Recommendation 1999/519/EC** and **Royal Decree 1066/2001**, taking a precautionary approach and working together with health authorities.

 **Iberdrola**

**Training**

In 2024, Iberdrola improved its training on human rights for people working in security, with 83 % of its own staff doing this training and 76.6 % of subcontractors doing the training, amounting to 1,261 people in total.

 **Iberdrola**

**Electromagnetic fields**

Historically, the possible influence of electric and magnetic fields on human health has been the subject of some public debate. However, the various studies carried out on the subject show that, in compliance with the maximum emission values laid down in the legislation in force, no harmful effects on human health have been identified. Iberdrola applies the regulations in this respect, inspired by the precautionary principle, and is willing to collaborate with the authorities to adopt the preventive or mitigating measures deemed appropriate to avoid risks or damage to health.

In 2024, no court claims have been filed due to electromagnetic fields (EMF). It should be noted that the levels of electromagnetic fields in facilities in Spain, whether transformation centres, power lines or substations, are well below the levels established by legislation, which in turn have been set, with a very wide safety margin, by the Recommendation of the Council of European Communities, of 12 July 1999 (1999/519/EC), which has been transposed in Spain by Royal Decree 1066/01 of 28 September and that has also been ratified in Spain by the Ministry of Health and Consumer Affairs, and by the Royal Academy of Exact, Physical and Natural Sciences.



### Educational campaigns for consumers

In order to protect the health and safety of consumers, communication and education to consumers about safe electricity use guidelines is very important. In this sense, Iberdrola makes available to consumers, through the group's web sites, recommendations and information on the most relevant aspects related to the safe use of electricity and gas, as well as guidelines to follow in the event of electrical accident. In addition to this, the company publishes informative brochures regarding the risks linked to electricity that may affect its correct use, and it delivers information and training campaigns on safety measures and energy saving aimed at the general public. Depending on the locations and their level of exposure to adverse weather conditions or other external contingencies, Iberdrola also provides information and recommendations for action in the event of an emergency.



To ensure the health and safety of customers, Neoenergia maintains effective communication and education on the safe use of energy to prevent accidents in the community. Its actions are grouped in the **Safe Community Programme**, which aims to make the community's coexistence with the electricity grid safer. The programme consolidates communication, training, lectures, educational materials related to grid safety, as well as technical actions.

### Customer satisfaction

Iberdrola has advanced mechanisms in place to measure the level of customer satisfaction, gather their opinion and ensure compliance with its quality standards in customer service and sales channels. These systems mean areas for improvement can be identified and the customer experience can be improved across the different geographic areas where the Group operates.

In Spain, annual studies are carried out that assess global satisfaction and satisfaction in areas such as responsiveness and service in the channels, clarity of billing, complaint management, supply quality and competitiveness of prices. Furthermore, the programme "Voz del Cliente" incorporates transactional surveys after key interactions and analyses from text analytics and machine learning techniques, which facilitates early detection of feedback and the implementation of improvements. The Net Promoter Score (NPS) is used as a reference to measure if people would recommend Iberdrola.

In the United Kingdom, ScottishPower uses internal and external studies like Which? and UKCSI, which analyse specific areas like billing and complaint management. In 2024, the company received a UKCSI score of 69.8 out of 100. In addition, the monthly Pulse internal study measures trust, ease and perceived value, and is complemented by detailed analyses through the TalkEnergy panel. In the regulated business, the Broad Measure of Customer Satisfaction (BMCS) study by Ofgem is used as an indicator for setting regulatory incentives.

In the United States, Avangrid subsidiaries conduct online surveys on how likely people are to recommend them. In 2024, they achieved a 150 % increase in their average score compared to the previous year. In Brazil, Neoenergia took part in the perceived quality satisfaction index (Índice de Satisfação da Qualidade Percebida - ISQP) study by Abradee, achieving a global satisfaction rate of 69.9 % in 2024.

Regarding complaint management, in the networks business (regulated market), 306,181 complaints were recorded in 2024, with an average response time of 4.8 days, while in the electricity generation and retail business (deregulated market) there were 438,148 complaints, with an average response time of 12.5 days. These processes meet regulatory deadlines and are monitored through audits and reporting requirements. Finally, Iberdrola considers supply quality and universal access to energy as critical areas, particularly in light of the impact of rising energy prices. The measures adopted are outlined in ESRS S4: Consumers and end-users of the NFIS 2024.

## Responsible communications

Iberdrola goes beyond regulatory compliance with its advertising or marketing campaigns and adopts voluntary mechanisms and codes which ensure the transparency and accuracy of its communications, as well as applying the Code of conduct in this field for all the employees, regardless of where their activities are carried out. Thus, Iberdrola not only complies with the advertising codes of practice in force in all locations, but also has internal approval procedures in place to ensure that all published advertising material conforms to responsible advertising.

## Information and labelling of electricity sold

With respect to labelling, Iberdrola informs its customers about the origin of the energy sold and its associated environmental impact, generally through electricity bills and other commercial communications, always respecting the guarantee standards and format established by the various competent national bodies (CNMC in Spain, Ofgem in the United Kingdom, ANEEL in Brazil, etc.). Information on customer complaint mechanisms and channels for speaking with customers is included in the [Stakeholder Engagement \[See the relevant section of this document\]](#) section.

## Cross-cutting prevention measures

Iberdrola has developed a wide range of human rights management measures that are integrated transversally into the relevant internal functions and processes across the group, including the areas in charge of establishing the company's relationships with its business partners.

The group's corporate policies safeguard possible differences between the highest standards and the local legislation, as detailed in the [Commitment and governance in human rights section \[See the relevant section of this document\]](#). It also describes the allocation of responsibilities at the appropriate levels across the group through the Governance and Sustainability System and the Human rights governance model.

**Iberdrola has been highlighted in various renewable energy and human rights indices for a practice of describing how systems are triggered by new operations in countries, new business relationships, new human rights challenges or conflicts affecting specific locations, in addition to regular risk identification processes, and disclosing risks in these contexts.**

To facilitate this integration, Iberdrola has established an organization and internal responsibilities for the management of human rights, with adequate budget allocations and monitoring processes that allow the offering of swift and effective responses. Furthermore, the conclusions of any assessments carried out are integrated horizontally across the Group, in every country of operation and business activity. In addition to the measures outlined above to manage specific impacts with respect to certain Stakeholders (workers, communities, and suppliers), Iberdrola adopts different nature cross-cutting measures, among which the following are worth mentioning:

### Establishment of incentives linked to sustainability

As mentioned in the [Regulatory framework and human rights governance \[See the relevant section of this document\]](#) section, since 2008, the Company's General Shareholders' Meeting has approved successive long-term incentive plans in shares ("strategic bonuses") linked to Iberdrola's performance in connection with its strategic goals and intended for executive directors, members of senior management, and professionals who, due to their position or responsibility, are deemed to make a decisive contribution to the creation of sustainable value. At the end of 2024, the 2020-2022 Strategic Bonus (in the settlement phase) and the 2023-2025 Strategic Bonus were in force, with goals that project an ambitious and challenging scenario for a company that is not satisfied with continuing its profitable growth, being financially sound and being committed to sustainable development, but that instead seeks to continue to strengthen its leadership in energy transition and decarbonisation in the electricity sector.

## Capacity building and training

Iberdrola's corporate culture is based on respecting human rights, ensuring that this commitment guides its professionals' actions each and every day. The **Policy on Respect for Human Rights** establishes that the team must act as the first line of defence, reporting back any potential impacts or non-compliances.

To reinforce this commitment, the company develops regular training and awareness programmes aimed at employees, suppliers and other stakeholders. These initiatives cover topics such as social and labour rights, risk prevention in operations, and mitigation and remediation in the event that this policy is breached. In addition, a specific module has been developed for the supply chain to promote respect for human rights among the Group's suppliers.

Iberdrola provides ongoing human rights training for its employees, with a particular focus on those working in procurement and security. Among other aspects, it covers key concepts related to due diligence, corporate responsibility, social impact and good practices. Furthermore, special emphasis is placed on issues such as modern slavery, child labour and treatment of workers in supply chains, and effects on the community. This training is designed to ensure that these employees understand the associated risks and are able to identify, prevent and address these issues in line with the company's ethical standards and compliance requirements.

In 2024, more than **3 million hours of employee training** was given, with 70 % of it focused on sustainable skills and risk prevention, including modules on human rights and digital ethics.

### Employee training on human rights (in hours)

Country	2024	2023	2022
Iberdrola España	149,432	159,643	145,949
ScottishPower	43,674	76,461	123,803
Avangrid	108,562	160,202	122,994
Neoenergia	310,320	301,698	281,636
Mexico	12,788	38,450	36,163
Iberdrola Energía	6,664	25,083	7,205
<b>Total Iberdrola</b>	<b>631,440</b>	<b>761,537</b>	<b>717,750</b>



Avangrid Networks companies partnered with local emergency services to promote community safety by delivering first response training. This programme offered free training to the community on the dangers of working near utilities and how to handle gas and electricity emergencies.

### **Extreme climate change prevention**

In 2024, Avangrid completed and presented a two-year study about identifying vulnerabilities related to extreme weather conditions and recommending ways to make the system more resilient.

The study assessed the transmission, distribution and electrical substation assets of Avangrid's subsidiary, United Illuminating (UI), when faced with various natural hazards such as temperature, precipitation, flooding and wind.

The study identified three kinds of danger in UI's service areas: flooding (due to increased precipitation and potentially more tropical storms), thermal stress (due to heatwaves and higher temperatures) and extreme weather conditions. These kinds of dangers can lead to acute events, like storms, or more chronic issues, like the speed at which utility poles, crossarms and other parts of the infrastructure can become weathered or corroded. The study also included an analysis on how these kinds of dangers could disproportionately affect specific communities like Bridgeport, which is at risk due to it being close to the coast and economic factors that could make its situation more difficult, especially when it comes to resistance and recovery when faced with these kind of events.

The study concluded with recommendations to invest in resilience measures to strengthen UI's infrastructure, enabling it to better absorb the impact of flooding and heat. These investments would also improve the utility company's responsiveness when faced with an event, while they continue to monitor and adapt to risks posed by emerging climate threats.

## **Corporate tax responsibility**

Iberdrola has a Corporate Tax Policy that reflects the Company's tax strategy, based on ensuring compliance with applicable tax laws and regulations, excellence, and commitment to the application of good tax practices and transparency, seeking appropriate coordination of the tax practices followed by the companies of the Group to avoid tax risks and inefficiencies in the execution of business decisions. The Corporate Tax Policy is appropriate to the corporate and governance structure, and is applicable to all companies making up the group, as well as to investee companies not forming part of the Group over which Iberdrola has effective control, within the legally established limits, and without prejudice to the enhanced autonomy applicable to listed country subholding companies, as established by the corporate governance of the group. The Board of Directors of Iberdrola S.A. has the power to design, assess, approve, and permanently review the Governance and Sustainability System and, specifically, to approve and update corporate policies, including the Corporate

Tax Policy. 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. Corporate tax policy is public and can be found on the Group's corporate website.

**Iberdrola has been highlighted in various renewable energy and human rights indices for a practice consisting of publishing a full country-by-country fiscal report, in line with GRI 207-4, on a voluntary basis.**

The group is a leader in corporate tax responsibility, an inseparable element from its responsibility to respect human rights. Since 2019, the company publishes a Report on Tax Transparency. Progress has also been made in the company's transparency practices, through the disclosure of all tax information relevant for Stakeholders. For Iberdrola, responsible taxation is key to guaranteeing the best possible provision of essential goods and services, as well as respect for human rights in the countries in which it operates.

As a sign of the company's commitment to a taxation regime that is consistent with its human rights obligations and allows governments to have the necessary collection capacity to finance public services and guarantee human rights, Iberdrola hosted a conference on taxation in November 2021. The conference was attended by tax professionals at institutions as relevant as the OECD, the European Union and a number of public administrations.

**Tax contribution (in € million)**

Contributions	2024	2023
Own contributions	5,279	4,704 <sup>9</sup>
Contributions from third-party payments	5,021	4,864
<b>Iberdrola consolidated total</b>	<b>10,300</b>	<b>9,568</b>

**Analysis of the sustainability and human rights indices and rankings**

To take on board the lessons learned and to make sure that any trend, critical point, or root cause is identified along with the assessment of general progress, the company monitors the scores it obtains in contrasted indices and rankings, as these are key tools based on globally accepted international standards. Every year they analyse results obtained in the sustainability indices and rankings such as the *Down Jones Best-in-Class Index*, World Business Council for Sustainable Development

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<sup>9</sup> Including other electric sector charges.

(WBCSD), BHRRC Renewable Energy and Human Rights Index, *World Business Alliance Climate and Energy* (WBA), Observatorio de RSC and the *Global Child Forum*, amongst others. The company identifies areas for improvement and sets action plans accordingly. Iberdrola reviews both positive and negative scores as a source of constant learning.

## Participation in multi-Stakeholder initiatives

Iberdrola firmly believes in collaboration and participates in collaborative forums and initiatives to advance respect for human rights:

- Iberdrola has been a member of the Spanish Network of the United Nations Global Compact since 2002 and is a member of its Human Rights Working Group, also participating in various business and human rights forums on a global scale. The progress report on compliance with the principles of the Global Compact is available on the Spanish Network (Red Española) website. Iberdrola has been a member of the Global Compact since 2002, undertaking commitments to support, promote and disseminate its ten principles relating to human rights, labour practices, the environment and the fight against corruption, both in its area and in its sphere of influence, and to contribute to the achievement of the Sustainable Development Goals. The company has further developed the policies proposed by the Compact and has published them in its Non-Financial Information Statement, Integrated Report and on its corporate website. Since 2004, as a founding member, the company has been a member of the Spanish Global Compact Network, and has produced annual progress reports on compliance with the principles of the Compact, which are publicly available both on the website of the Spanish Global Compact Network and on the website of the UN Global Compact. In 2024, Iberdrola carried out the following actions relating to the Global Compact:
  - Participated in the 2024 Annual General Meeting of the Spanish Network.
  - Active participation in major global platforms and initiatives:
    - Adoption of the Caring For Climate commitment to embrace climate change solutions and help shape public policy, of which Iberdrola has been a leading partner since its creation.
    - The Business Ambition for 1.5°C statement in support of a net zero emissions target by 2050.
    - Adherence to the Standards of Conduct for Business in Tackling Discrimination, promoted by the Office of the United Nations High Commissioner for Human Rights.
    - Participation in the Forward Faster programme that encourages companies to publicly disclose their commitments and to highlight the measures they will take to achieve their goals.
    - The CEO Water Mandate initiative to encourage sustainable practices in the use of water.

- Iberdrola is a signatory to the Women's Empowerment Principles, which aim to promote equality of opportunities and the empowerment of women in the workplace, the marketplace and the community.
- Signatory to the Principles for a Sustainable Ocean to preserve the sustainability of the oceans and participates in the activities of the Ocean Stewardship Coalition to promote them.
- Part of the Race to Zero alliance, led by the UN and the Climate Champions, that rallies companies, governments and various non-state actors that are committed to reaching net zero emissions by 2050 at the latest.
- Driving the Spain's *Generation Unlimited* alliance, promoted by UNICEF España and Iberdrola.
- Participating in sector initiatives such as the Solar Stewardship Initiative (SSI) (promoted by *Solar Power Europe* and *UK Solar Power*) and WindEurope.

In addition, within the framework of milestones on the multilateral agenda, the following activities have been noteworthy:

- Active involvement in debates and development of activities and materials for the Think Lab on Just Transition, including activities and documentation linking this topic to the business sector, financing, climate change mitigation and adaptation.
- Participating in the *High Level Political Forum on Sustainable Development* (HLPF) Summit, held in New York, to drive climate action.
- Participation in activities and meetings linked to the UN General Assembly, especially the UN Private Sector Forum 2024.
- Highest level of participation in New York's Climate Week, with the slogan "It's Time", in September 2024.
- Participating in the United Nations Climate Change Conference.
- Participation in the Conference of the Parties to the Convention on Biological Diversity (more commonly known as COP16) held in Cali, Colombia.

Having received various recognitions, including:

- Neoenergia received the Good Practices award from the They Lead 2030 movement, promoted by the Brazil network, for its programme on protecting, supporting and providing assistance to female employees experiencing domestic violence.
- Recognition, by the *Spanish Network of the United Nations Global Compact*, for its strong commitment to sustainability, as part of the *Forward Faster initiative*.

In 2025, Iberdrola continues to actively collaborate in the activities of the Spanish Network of the UN Global Compact, as in previous years, and to support, as an employer, climate action activities at a global level.

## Remediation mechanisms and measures

**UNGP 22:** Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.

**CSDDD Article 12:** Remediating actual adverse impacts.

The objective of the company's human rights due diligence procedures is to prevent and mitigate its adverse human rights impacts. However, as set out in the UNGPs, when this is not possible, either because it is not feasible to adapt the mitigation to the context, the actions adopted fail to reduce its scope, or there is a residual impact (that is, it remains despite the mitigation measures), Iberdrola implements actions or remediation measures to guarantee that the affected individuals have access to effective remediation through legitimate processes and active cooperation. This section mentions the general characteristics of Iberdrola's remediation process, the types of remedy and some examples in its main subsidiaries.

The purpose of the remedial measures is to counteract or make good any human rights harms that have occurred, returning the rights holders to the situation prior to the adverse impact or, if this is not possible, restoring them to the original situation to the maximum extent possible, through different kinds of reparation measures. The company does not, in any way, impede access to state judicial or non-judicial mechanisms and cooperates in good faith with them.

In this sense, Iberdrola actively listens and integrates the expectations of the affected individuals. The company takes into consideration that the reparation measures may, depending on the legal or human rights frameworks applicable at international level, take different forms. Remediation may include apologies, taking steps to guarantee non-repetition, financial or non-financial compensation for the harm caused, the cessation of a particular activity or business relationship, or other form of reparation that the parties agree.

## Types of Remediation

- **Restitution:** is intended to restore, to the maximum extent possible, the impacted rights, and return the rights holder to the original situation before the harm and provide a more adequate remediation than monetary or financial compensation.
- **Rehabilitation:** covers the processes and services that allow a victim to rebuild his/her life and / or reduce as much as possible the harm suffered.
- **Satisfaction:** involves stopping the abuse, acknowledging the harm, revealing the truth, providing an apology, and punishing those responsible, and can take many forms.
- **Guarantee of non-repetition:** guarantee that the necessary policies and procedures are adopted to prevent future damages and/or take disciplinary action.
- **Financial compensation:** consisting of money or other financial compensation that is fair and proportional to the seriousness of the harm.

Iberdrola is committed to providing compensation in relation to the impacts that it causes or contributes to in its operations and/or through its value chain or other business relationships.

Assessment actions are carried out on a case-by-case basis, according to the group's case processing guide, in order to enable effective remediation. These actions usually include the investigation of the circumstances, the eventual purging of responsibilities and other measures that may be necessary to comply with international human rights standards, and dialogue with the affected parties in order to enable effective remediation. In all cases, remedial actions prioritise maintaining dialogue with those potentially affected and collaboration and comply with the application of existing law in relation to financial remedial actions.

**Iberdrola has been highlighted in various renewable energy and human rights indices for a practice of describing its approach to providing or enabling timely redress for victims.**

Iberdrola carries out remedial measures for its clients, but also it counts on adequate systems to provide remediation to workers who have suffered impacts on their labour rights, such as, for example, discrimination or harassment at work.

Regarding suppliers and contractors, Iberdrola's monitoring (see section Suppliers' management) allows the identification of any adverse impacts and, if necessary, the activation of the appropriate measures to enable remediation. Finally, and in relation to adverse impacts on communities, the company adopts remedial measures when they occur, prioritizing dialogue with the communities. The approach takes into consideration of the local specificities and environmental and social studies as a basis for its assessment. To this effect, the support of the Iberdrola team on the ground is essential.

The following are some specific examples of remedial actions in relation to stakeholders such as communities, supply chain and customers in various countries of operation.

## Specific remediation examples

Remediation entails the following challenges: identification of the issue in relation to the impact, identification of the rights holder, understanding the scope of that impact, the possibilities of returning the rights holder to the original situation, the proportionality in providing the reparation as well as the fairness in the reparation

### Restitution

Road and path repair work is a common community development action in projects. For example, at the **Elgea** wind farm (**Spain**), Iberdrola repaired and improved paths for community use, while they also maintained livestock crossings to support local farming activity. This kind of repair work aims to restore access and to make the infrastructure affected by energy projects functional again, ensuring rural life and industrial activity can live side by side.

**Cuyoaco photovoltaic project (Mexico)**: During the construction and installation phase, there were impacts on local traffic and mobility patterns because of the closure of roads, as well as impacts on utilities (electricity, drinking water and drainage). Given these damages, the company provided remediation in the form of **repairing the roads and generating alternative road axes** to ensure the mobility of the towns nearby. The **Comprehensive Waste Management Plan** was also implemented for the final disposal of special, urban solid, and hazardous waste, guaranteeing environmental restoration in the event of leaks or accidental spills.

These examples demonstrate efforts to restore access and to make the infrastructure affected by energy projects functional again, ensuring rural life and industrial activity can live side by side.

### Rehabilitation

After the coal-based plants were shut in **Lada** (Asturias) and **Velilla (Palencia)**, Iberdrola, together with **itdUPM** and the **Agirre Lehendakaria Center** launched innovation platforms for a just transition. These initiatives promote green transformation by investing in renewable energy, circular economy projects and local employment strategies.

This rehabilitation includes relocating workers, training in new skills and developing projects that revitalize the socio-economic landscape.

## Satisfaction

In 2024, Iberdrola's subsidiary ScottishPower Energy agreed to pay GBP 1.5 million (around EUR 1.7 million) after detecting a billing error that affected 1,699 customers between 2015 and 2023. The issue was due to operational deficiencies that caused customers that had set up a direct debit to be charged the standard credit tariff, exceeding the regulated price cap.

The average amount overcharged was GBP 294 per customer, in addition to an extra GBP 1 million contribution to the energy industry's *Fondo de Reparación Voluntaria* (voluntary reparation fund), which finances community projects and charities to support vulnerable customers.

Ofgem highlighted ScottishPower's good practice in voluntarily reporting the incident, which reduced the severity of penalties and further boosted trust in corporate transparency.

This kind of remediation reinforces transparency and corporate responsibility in addressing errors that affect consumer confidence

## Guarantees of non-repetition

Throughout FY24, 191 discrimination incidents were analysed, including harassment, of which 129 have been closed. As a result, there were 24 people dismissed and corrective actions were taken in a further 12 cases. No fines, penalties or compensation payments were incurred for these incidents. There have been no complaints from non-salaried personnel about human rights.

This kind of remediation includes equality policies, human rights training and internal reporting mechanisms.

## Financial compensation

### Compensation to fishers affected by offshore wind farms

In the United Kingdom, East Anglia's offshore wind complex compensated 68 fishers and 15 landowners. The East Anglia TWO project compensated 59 fishers (72 boats) for the impact of geophysical survey activities, while the East Anglia THREE project compensated 9 fishers (11 boats) and 15 landowners during the pre-construction explosive detection campaign.

In France, the ***Ailes Marines*** consortium, 100 % owned by Iberdrola, develops, builds and operates the offshore wind farm in the Bay of Saint Brieuc, just off the coast of Brittany, in the area designated by the French government. Since the start of the project, the company has implemented all possible measures to **avoid and minimise disruption to fishers**, although the unavoidable point of not having fishing companies in the construction areas is a loss that Iberdrola undertook to compensate.

### Measures and progress reported in 2024:

- **64 fishers have been identified as having the right to economic compensation** for being affected by activity during the construction and operation of the wind farm.
- Through independent experts, Ailes Marines ensured **open lines of communication** with fishers' committees, institutions and sector organisations throughout the process, to ensure transparency and to make sure everyone was on the same page when it came to applying compensation measures.
- Since May 2021, **mitigation measures** have been deployed to reduce the project's impact on fishing, including scheduling works to minimise restrictions and launching a **publicly accessible web portal** with information on the project, compensation measures and a dedicated space for beneficiaries.

## Complaint and grievance mechanisms

**UNGP 29-31:** Grievance mechanisms.

**CSDDD Article 14:** Notification mechanism and complaints procedure.

## Establishing and maintaining notification and complaints procedures

The Policy on Respect for human rights includes the company's commitment to offer complaint and grievance mechanisms, with sufficient guarantees and adequate resolution procedures, in order to deal with potential cases of impact on human rights and, where appropriate, provide remediation. This section details the characteristics of the complaints system, the group's whistle-blowing mailboxes, and the most relevant channels and issues for stakeholders. Finally, some examples of these mechanisms at Iberdrola's main subsidiaries are provided.

## Systems for dealing with complaints and claims

Iberdrola has accessible, free and confidential mechanisms so all stakeholders can express their concerns, complaints or allegations related to human rights, in line with the **UN Guiding Principles on Business and Human Rights**. These mechanisms are part of the due diligence strategy and are managed independently, traced and given set deadlines to ensure responses are transparent and effective.

One of the essential elements of the **Compliance System** are the detection or monitoring mechanisms that allow the effectiveness of the controls and prevention activities conducted in the group to be checked. Among the internal reporting channels set up as tools for launching consultations or reporting conducts that may involve the commission of irregularities or any acts contrary to the law or corporate regulations.

The company also has reporting channels that allow shareholders, directors, professionals, suppliers and other third parties to report any irregular conduct or potential unlawful act or acts contrary to the law or the Governance and Sustainability System, with an impact on the company's sphere, in its contractual relationship with suppliers or in the interests and image of Iberdrola. Communications can be made anonymously and the company guarantees **protection from retaliation** in accordance with applicable regulations.

There are several types of reporting or complaint channels for human rights issues:

- Ethical web/Intranet mailboxes: worker mailbox (people) and supplier mailbox. (Owned by the Compliance Unit).
- Facilities complaint and claim channels: face-to-face, by telephone, mail or through the installation website (owned by the corresponding site). (Owner of the relevant facility).
- Corporate mailboxes, including the occupational health and safety mailbox. (Owned by the corresponding area or business).
- Judicial and/or administrative claims. They are sent to the Legal Services of the challenged company.
- Other communication and participation channels, such as community surveys, dedicated panels, open days and other project-level mechanisms to ensure information is shared and disclosed, and to allow stakeholders to interact and express their expectations and concerns.

The complaints are analysed and any relevant information influences the review of the relevant policies and the development of internal procedures, with the aim of the prevention, mitigation and non-repetition of similar adverse impacts.

The system guarantees confidentiality and protects users from any type of intimidation or retaliation by the company or by third parties, guaranteeing that those directly impacted can access the mechanisms. Overall, the review evaluated positively the efficacy criteria. For more information, please check the [Iberdrola Group Companies Compliance system Transparency Report 2024 \[See PDF document. Opens in a new window\]](#).

In 2020, and as a response to these recommendations, Iberdrola created a Procedure for the classification, monitoring and reporting of reports, complaints and claims with a potential impact on human rights. This procedure allows the classification of complaints received through the different channels, ensuring that those related to human rights receive the corresponding resolution in accordance with the Human Rights due diligence procedures and international standards. Iberdrola classifies human rights complaints according to the following typology.

It is under constant review in accordance with the established procedure:

- Ethics and integrity
- Labour practices
- Environment and sustainability

- Innovation and new technologies
- Engagement with local communities
- Facility operations and business essentials

In addition to the Group's own complaint channels, projects also provide third-party complaint mechanisms. For example, the Windanker wind project in Germany offers state-level complaint mechanisms through the Federal Maritime and Hydrographic Agency, and projects in Portugal through the Portuguese Environmental Agency (Agencia Portuguesa Ambiental — APA). These mechanisms are accessible to all members of communities potentially affected by the projects.



### **Social management and community engagement procedure at a project-level**

In line with its procedure, Iberdrola implements participation and communication mechanisms that allow members of affected communities to submit complaints or suggestions openly, confidentially and, if desired, anonymously. This mechanism is designed to encourage communication and continuous improvement on the project.

Key features of the mechanism in line with the UNGPs:

- Legitimate and transparent: builds confidence and has clear and known processes
- Accessible and free: available to all stakeholders, with no economic or cultural barriers
- Proportional and equitable: adapted to the context of the project and respecting local customs
- Protecting human rights: ensures there is no retaliation and there is access to legal resources

Available communication channels:

- Project's digital platform
- Website, email and local phone number (24/7)
- Postboxes at the facilities
- Ethical and corporate mailboxes
- Community meetings and surveys



Avangrid has an independent 24/7 whistle-blower helpline that allows employees, consultants, contractors, suppliers and the general public to seek guidance on ethics and compliance matters and to report any situation or concern that may require investigation. Avangrid's compliance unit is tasked with addressing any issues and concerns raised through the helpline or reported to it through any other communication channel.



Neoenergia, with the support of an external consultant, is developing a corporate project to improve the social communication, stakeholder engagement and human rights components of the grid and power generation businesses. A complaints and grievance/stakeholder engagement/social communication mechanism attached to the ombudsman is being implemented and aims to develop action plans to improve the complaints obtained. An action plan is also being worked on to create a specific service channel for Neoenergia Coelba and Neoenergia Elektro. The project also has actions being planned for wind/solar and hydropower energy. For the former, a risk criticality matrix will be developed to better address impacts and stakeholder engagement through communication of negotiations. In the case of hydroelectric power, the possibility of improving social communication with the communities surrounding the plants will be explored.



Iberdrola Australia has been making its verbal complaints procedures more robust. Upon receipt, the complainant's details should be recorded and confirmed, if permitted by the complainant (i.e. name, contact number, date and time the complaint was lodged and a date). The company encourages anyone with a query or complaint to provide all information necessary for Iberdrola Australia to understand the nature of the query and the potential impact or urgency in relation to the query. Once the data has been registered, the person making the enquiry or complaint should be informed that their complaint will be recorded in a register and that a representative of Iberdrola Australia will respond to their enquiry and/or complaint shortly.

## Characteristics of received communications

The information related to human rights grievances and complaints brought through the ethical channels are received by the Compliance Unit, which transfers them to the corresponding areas for their management.

Regarding the communications received through the ethical mailboxes, as published on the Iberdrola Group Companies Compliance system transparency report 2024, in 2024, a total of 5,841 communications were received, of which 1,784<sup>10</sup> correspond to queries and 4,093 to complaints. Of the 1,373 complaints received, 3,299 were admitted for processing. In 2024 818 disciplinary measures (25 %) have been adopted within the perimeter of the Group since it has been evidenced there has been an irregular conduct or a conduct contrary to the internal regulations or the Code of conduct. 94 % of the disciplinary measures have been imposed on suppliers (or by suppliers to their professionals) and they correspond mainly to irregularities from external commercial agents in the sale of energy.

With respect to the total of 3,299 complaints admitted for processing, 308 have been classified as having a potential impact on human rights. No cases of serious human rights incidents involving company staff were detected.

### Complaints accepted for processing

Nature of complaints admitted for processing	Number
Sales fraud	2,713
Harassment and discrimination	149
Theft and fraud	112
Conflicts of interest	64
Inappropriate conduct between professionals	39
Health and safety	19
Other	203
<b>Total</b>	<b>3,299</b>

Information on human rights and environmental complaints and grievances are detailed in the Non-Financial Information Statement and in the Sustainability Report 2024.

<sup>10</sup> 9 queries received in 2024 through the Group's foundations are not included.

## Monitoring of the assignment and transparency

**UNGP 20, 21, 29 - 31:** Monitoring efficiency, External communications and complaints mechanisms.

**CSDDD Article 13 and 14:** Monitoring and Mechanism and complaints procedure.

Iberdrola regularly follows up and monitors the effectiveness of the measures taken to address adverse impacts and makes adjustments if necessary. This section addresses the steps taken by the company to assess the implementation and monitor the adequacy and effectiveness of human rights due diligence. First, the characteristics of the monitoring of the implementation of impact prevention, mitigation and cessation are described. This is followed by a description of both internal and external sources and the most significant results of the monitoring carried out by the organisation, and finally, some examples of the process of monitoring mitigation and remedial actions in the EIAs of projects at Iberdrola's most significant subsidiaries.

As a third party monitoring the implementation of mitigation measures enforced by a certain company, such as in the permit processes in which mitigation and remediation measures are determined for projects, Iberdrola justifies the sufficiency of these measures through periodic reporting delivered to the public authorities.

These periodic follow up reports describe the level of development and implementation of mitigation measures through the provision of documentary evidence. On the other hand, the communication with communities in which mitigation measures are carried out is ensured through the usual complaint channels at the operational level. This is a continuous dialogue system that allows communities to express any related concerns or questions. In some cases, Iberdrola even carries out joint monitoring of the measures to be implemented. This allows the company to assess whether the application of the measures is the appropriate.

**Iberdrola is one of the few companies in the energy sector that ensures human rights are overseen at the highest governing body level. Furthermore, several international indices recognise Iberdrola as the only company that provides verifiable evidence of its board members' experience and background in human rights, improving its ability to govern responsibly and be held accountable in this area.**

The monitoring system consists of examining how a potential impact has been addressed and whether the response has served to prevent and mitigate it and to what extent this has been possible. The impacts on human rights are dynamic, and for this reason, Iberdrola keeps its assessment, along with the prevention and mitigation measures it adopts, under constant review. This is to monitor their effectiveness. To that effect, regular evaluations are carried out through internal monitoring of all the relevant information in relation to human rights, through independent experts and with the support of quantitative and qualitative indicators that define possible room for improvement. This monitoring, based on internal and external sources of information, allows Iberdrola to assess the progress made in relation to its responsibility to prevent and mitigate adverse impacts.

## Internal sources

The analysis of the received complaints and queries forms the basis of monitoring the due diligence measures that the company implements. For more information on the complaints system, see the [Complaint and grievance mechanisms \[See the relevant section of this document\]](#) section of this report. These constant monitoring mechanisms help the company to enrich both the Human rights risk map and to verify the effectiveness of the measures adopted in this regard.

- Ethical web/intranet mailboxes: worker mailbox and supplier mailbox. (Owned by the Compliance Unit).
- Ethical mailboxes allowing workers to make inquiries or report conduct that may imply an irregular occurrence or an act contrary to the law or regulations.
- Suppliers' ethical mailbox: These are communication channels allowing the group's suppliers, as well as any sub suppliers, their workers, and the companies that have participated in a tender, to report behaviours that could imply a breach within the framework of the commercial relationship with the group. These mailboxes are available on the purchasing portal.
- Corporate mailboxes.
- Facilities complaint and claim channels: face-to-face, by telephone, mail or through the installation website (owned by the corresponding site). (Owner of the relevant facility).
- Judicial and/or administrative claims.
- Supplier survey carried out every two years, where suppliers were asked to give their opinion on the impact of the pandemic on its activity, specifically in areas such as employment, problems in the supply chain, financing and impacts on its Business models. It has made it possible to assess whether there is a need to implement mitigation actions and of what type.
- Internal audits: The Internal Audit Division is responsible for carrying out audits on corporate functions and processes and coordinates the planning and ongoing audit works. It prepares an annual work plan, based on the assessment of the main risks that affect the achievement of the company's objectives. As a result of the audits, it delivers, where appropriate, recommendations to the audited

organizations. The annual activity plan is approved by the respective Audit and Risk Supervision Committee, to which the Internal Audit Division will report periodically both on its development and on the level of compliance with its recommendations by the organizations of each company. In all the countries where Iberdrola operates, a risk identification process has been set up for the various salient human rights issues; occupational safety and health, occupational risk assessment and prevention, environmental management systems, as well as corporate security (including cybersecurity), among others. These processes are subject to control through specific and periodic audits that serve to establish action plans, drive improvements in the management systems or communicate best practices. It is worth mentioning that there are limitations in monitoring the prevention and mitigation measures adopted in certain supply chains, given that the traceability can be especially complex. However, the group continues its work on this issue.

## External sources

In order to track the effectiveness of its prevention and mitigation measures, Iberdrola has implemented a series of mechanisms that allow active listening to potentially affected parties and the assessment of its mechanisms by independent parties. These systems allow Iberdrola to track the effectiveness of the measures adopted. The level of effectiveness and follow-up of the human rights due diligence procedures is repeatedly analysed through the following:

- Iberdrola has a complex and robust management and Human rights due diligence system. The company has managed to create a global vision of its commitment to human rights that allows it to comply with country-specific regulations and transfer a global standard to its operations.
- The management of environmental, occupational health and safety, privacy and data protection, are good examples of how the company manages its potential impacts on human rights and monitors them.
- The responsibilities of the second line of defence are correctly defined in relation to human rights issues such as the environment, labour practices, corporate security, quality, privacy, data protection, and ethics and integrity.
- In relation to environmental issues, which are usually linked to impacts on human rights, Iberdrola counts a comprehensive management system with the corresponding environmental certifications.
- In relation to safety and health, Iberdrola has international standards (OSHAS 18001 and, in some cases, ISO 45001) ensuring compliance with regulations and improving the standard.
- The purchasing model has been reviewed to drive a more responsible management, that is aligned with sustainability and human rights policies, supporting, among others, awareness raising among suppliers.

- Iberdrola has corporate and site-level channels to receive complaints and claims that activate dialogue and redress systems. Given the absence of severe impacts, the analysis of its level of effectiveness is positive.
- Procurement or project participation processes have a due diligence process that takes into account relevant human rights issues, such as environment, health and safety, and data protection, and work is under way to strengthen decision making that includes a social perspective.
- Iberdrola is committed to ensuring that the greatest number of people receive energy services, including people in situations of vulnerability. In relation to the quality and reliability of the supply, the regulatory and technical standards are aligned with the highest standards, ensuring due diligence.
- The data protection management model provides an example of measures for the prevention, mitigation, supervision, and reporting of fundamental rights.
- The company has an elaborate compliance system that includes numerous specific policies to address various aspects of business ethics to manage potential impacts related to corruption, conflicts of interest or anti-competitive practices, and in the area of human rights, forced labour and other modern forms of slavery.
- Certain subsidiary companies have developed advanced engagement models with the communities.
- Security services are outsourced but Iberdrola requires that the contractors' personnel is trained in human rights by approved organizations.



Neoenergia considers it essential to continuously research the perceptions of its key stakeholders and publishes some of its findings in public reports.

Every two years, a satisfaction survey is launched to suppliers. In 2023 and 2022 it reached a level of satisfaction of 90 %. A customer satisfaction survey is also carried out, based on indicators of the quality of telephone service and on operational indicators that measure the frequency of power outages and the duration of these outages.

In 2024 several projects were developed for communities impacted by wind farms. These projects were designed in 2023, through Participatory Social and Environmental Assessments (DSAPs) considering the need to update information related to communities near their operating assets. During these diagnoses, meetings are held with mayors' offices, secretariats and communities to identify the main actual and potential impacts of the site. The meetings are based on semi-structured research, stakeholder analysis and the construction of a SWOT matrix, which seek to gather perceptions, suggestions and criticisms about the environment and wind farms. In addition, projects were proposed for the different areas of influence, considering the outcome of the DSAP and the main environmental risks and problems identified in these areas.

At the same time, Iberdrola also relies on external audits and evaluations regarding certain processes.

- External Audits.
- The Environmental Impact Assessments and the license requirements, in accordance with the legislation applicable in the countries where the company operates, establish a process to track the effectiveness of the measures that are proposed with the aim of respecting the right to the environment and human rights.

## Results of internal and external reviews

As a result of this exercise of constant review and feedback of the Human rights due diligence processes, Iberdrola has developed the following actions aimed at improving the quality of the process that tracks the effectiveness of the measures implemented at different levels of responsibility:

- The Sustainable Development Committee monitors and reports to the Board on the implementation of the Respect for Human Rights Policy as part of its functions and with a focus on human rights due diligence processes and prevention and mitigation measures.
- Consolidation and strengthening of teams:
  - The teams have been reinforced to ensure respect for human rights across all sub-holding companies. These responsibilities derive from the policies approved by their corresponding Boards of Directors, including the respect of human rights. To this end, certain elements of the human rights due diligence procedures have been reinforced at the local level, in close contact with the business areas and in coordination with Iberdrola.
  - Regarding the strengthening of the internal audit system, it is worth highlighting the reinforcement of the Internal Assurance area in the Corporate Sustainability division which, amongst other things, is responsible for ensuring the adequate defining, implementation and maintenance of the Global Internal Control Systems for non-financial information (SCIINF). This is in relation to the elaboration and filing of the non-financial information report.
  - Institutionalization of procedures: The company has set the short- and medium-term objective of developing a new protocol for social audits at the first level of contracting (direct suppliers or tier 1). This shall include tracking of the progress made in relation to human rights issues.
  - Valuing the social perspective more in corporate decision-making by using digital tools that structure and help manage social impacts on communities, and information from notification and complaint mechanisms.
  - Continuous improvement in line with leading international standards and emerging human rights legislation requirements, including the Corporate Sustainability Due Diligence Directive (CSDDD).

## Human rights monitoring in the supply chain

100 % of suppliers of equipment and materials, works and services are classified through screening processes considering, among other areas, their significant risks and management practices in various areas related to human rights. Based on the criteria set, those suppliers considered to be of a higher risk are assessed in terms of ESG, with a special focus on:

- **Human Rights Due Diligence:** Availability of due diligence policies and systems in line with the UNGPs, guarantee of absence of forced and child labour and modern slavery in their supply chains, existence of procedures for receiving complaints and complaints regarding human rights or discrimination, extending requirements and conducting social audits of its own supply chain.
- **Labour practices:** Respect for human rights such as freedom of association and collective bargaining, decent conditions of remuneration and work in accordance with collective agreements and legislation, promotion of equality and inclusion and work-life balance.
- **Occupational safety:** Existence of management systems, certifications, risk assessments, providing training to workers, monitoring hazards and rates, carrying out emergency plans and drills, etc.

These risks are managed and mitigated through the quality processes in place and regular audits carried out by each business unit. This strategy was strengthened in 2022 with the global launch of a campaign of social and sustainability audits for main suppliers, with the objective of ensuring compliance with the Group's sustainability criteria and validating the supplier assessment model. This initiative continues in 2023 and 2024, with a new plan to audit 46 major suppliers classified as major suppliers and considered to have a higher risk level. In turn, in 2023, a new initiative has been launched to better understand certain specific supply chains.

## Environmental and Social Surveillance Programmes

Environmental and social monitoring programmes are a key pillar for ensuring the effectiveness of preventative and corrective measures adopted in Iberdrola Group projects. These programmes mean that the Group can be continuously evaluated to make sure it is meeting its commitments related to human rights, environmental protection and social development, ensuring that potential impacts are managed proactively and collaboratively. They are supported by **Environmental and social impact studies**, which establish specific requirements for monitoring measures in accordance with applicable regulations and international standards. This approach bolsters transparency and trust with affected communities through accessible communication and complaint channels, and is complemented by specific plans for social management, livelihood restoration and cultural heritage protection.

## Lessons learned

Iberdrola has learnt valuable lessons about effectively managing impacts and its relationship with stakeholders through its projects in various countries. Below some of the main lessons learnt in Spain, Brazil, the United Kingdom, the United States, France, Germany, Australia and Mexico are highlighted:

- **Strengthening of relationships with stakeholders:** To improve on identification and communication with stakeholders, the company created procedures and implemented tools that enable community participation to be managed and traced, ensuring concerns are properly monitored until they have been resolved. For example, involving the fishing industry in all the project's steps helps reduce conflicts and optimise design.
- **Environmental and social management adaptation:** To minimise the negative impacts of the renewable projects, Iberdrola is increasingly tailoring management at the local level, taking into account the characteristics of ecosystems. An example of this is analysing and adjusting the distance between wind turbines and communities to help prevent noise pollution. This flexibility reinforces **operational resilience** against environmental and social challenges.
- **Collaboration with authorities:** To comply with environmental regulations, the Group has started working more closely with local and national governments, incorporating technological solutions that improve communication and streamline processes, thereby reinforcing **operational and institutional resilience** to regulatory changes.
- **Early involvement of Interest Groups:** Experience shows how important it is to get stakeholders involved from the initial stages. Public consultations and workshops have been improved to ensure that everyone understands the benefits and challenges of the projects, making the community more accepting of them.
- **Internal awareness:** Actions such as raising employee awareness about the speed limits on rural roads highlight the importance of educating staff and making them aware of the impact of their behaviour, helping create a more resilient organisational culture.
- **Creation of work groups:** Dedicated teams have been established to identify areas for improvement and to apply lessons learnt to new projects, fostering innovation and continuous improvement.
- **Driving local development:** Iberdrola prioritises creating jobs in the communities where it operates, and working together with local suppliers to help contribute to the economic development of the surrounding area.

These lessons then form part of the planning of future projects to optimise the management of impacts and to improve the relationship with stakeholders, maximising the benefits for all parties involved and ensuring **projects are more resilient to global challenges**.

## Communicating publicly about due diligence

Iberdrola attaches great importance to instilling confidence in its Stakeholders that the company is actively working towards the realization of its commitment to human rights across the Group. In this sense, communication and reporting efforts are an essential part of the company's Human rights due diligence system. This section describes the characteristics of Iberdrola's communication process, as well as its internal and external communication channels. Finally, some examples of communication set out in projects at some of Iberdrola's main subsidiaries are shown.

## Transparency and accounting for

Accountability for the company's human rights due diligence seeks to offer stakeholders to present an objective, comprehensive view of the company's performance by including the areas of actual and potential impact, and the effectiveness of processes to identify, prevent, mitigate and remedy negative impacts (potential and materialised).

This report exemplifies this commitment and further solidifies the corporate culture's roots in human rights, driving awareness and the effective implementation of due diligence in all countries where Iberdrola operates.

The dissemination of relevant information is key to account for the risks and impacts and how they are managed. Transparency allows to assess, monitor and learn from challenges, thus improving the quality of information. An independent report analyses the content published in the Group's Statement of Non-Financial Information, identifying areas for improvement in communication and management.

In addition to this report, and in accordance with its legal obligations and commitment to transparency, Iberdrola reports information on human rights through various internal and external channels:

- **The Statement of Non-Financial Information** - Sustainability Report contains additional information to that required by commercial regulations in force on non-financial information. In particular, it includes information on sustainability, in line with the provisions set out in the Directive (EU) 2022/2464 on the Corporate Sustainability Reporting Directive (CSRD), even though it had not been transposed into Spanish legislation by the end of FY24. For such purpose, the European Sustainability Reporting Standards (ESRS) have been applied. The report also complies with the disclosure obligations established by Article 8 of EU Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment and on its development regulations
- **The Human Rights section on the corporate website** contains detailed information on the company's governance and management instruments of the Human rights due diligence system.
- **Updated information on the employee portals** in each of the subholding companies.

- Monthly **newsletter** addressed to the workers, covering trends relevant for the Stakeholders, including information on the progress made by the company in the field of human rights and other information related to this topic.
- **Responses to the questionnaires from analysts and investors** on human rights and sustainability issues.
- **Continuous response to human rights and sustainability indices** as well as ESG ratings on the most relevant human rights issues.
- **Specific human rights training activities** for workers, as well as awareness modules for suppliers in the supply chain.



### **New training on Human Rights for employees (2025)**

Iberdrola has launched a new and updated human rights and business course, which is available in Spanish, English and Portuguese for all Group employees.

Main objectives:

- Offering a practical introduction to human rights within the business context.
- Explaining key concepts: due diligence, corporate responsibility, social impact and good practices.
- Including prevention, mitigation and impact remediation measures.

This training strengthens Iberdrola's commitment to respecting and protecting human rights in all its operations, promoting awareness and the effective implementation of due diligence processes.



Human rights impacts have been discussed in the context of awareness raising and training on human rights due diligence.

5 Forums on Human Rights were held in the wind farms (Oitis, Calango and Santana, Chafariz) and 2 at Neoenergia headquarters (1 for managers and analysts in the Renewables Department and corporate areas and 1 for senior managers). The idea has been to improve the human rights procedures with a preventive nature, with the objective of not generating impacts throughout the projects. A Working Group - Social Work Group was created involving the Renewable Energies Department and the corporate areas (Risks, Legal, Communication, Finance, Neoenergia Institute, Sustainability, Innovation), on a permanent basis through regular meetings, in a process of continuous improvement of human rights due diligence. In this Working Group, the observed impacts have been analysed and preventive and mitigation measures have been discussed.

- Dissemination on social networks, yearbooks and communication channels specialized in sustainable development.



Iberdrola Mexico seeks to add value to its stakeholders and contribute to the fulfilment of various UN Sustainable Development Goals (SDGs), including gender equality. This is how **ComunidadEs Igualdad** was created, a social action project that arose from an alliance with the United Nations Development Programme (UNDP) with the aim of strengthening and disseminating knowledge about human rights in order to guarantee their fulfilment and close gender gaps. This marks a milestone for Iberdrola Mexico as it is the first collaboration agreement between a private company and UNDP worldwide. As part of the programme - which expects to impact more than 70,000 people - communication campaigns will be carried out to provide information on human rights, with a gender and intersectional approach, to children in primary education, adolescents and young people in middle and high school. As well as teachers, community groups and the population in general, with an investment of almost 7 million pesos over a period of two years.

## Main human rights and sustainability indexes

Along the route to achieving the above-mentioned milestones, the Group has received the following awards:

### Recognitions, presence in sustainability indexes and ESG ratings



#### ***Business & Human Rights Resource Centre***

It holds the second position in the [Renewable Energy & Human Rights Benchmark 2024](#) [See PDF document. Opens in a new window].

**Dow Jones  
Best-in-Class  
World Index**

#### ***Dow Jones Best-in-Class Index***

Leader in the *Electric Utilities* sector The only European electricity company to be selected in all 25 editions, considered to be one of the most sustainable utilities in the world.



#### ***Ethisphere World's most ethical companies (2014-2025)***

Only Spanish company included. Selected consecutively since 2014 as one of the most ethical companies.



#### ***Standards ethics European Utilities Index***

Included in the index.



FTSE4Good

### FTSE 4Good

Selected in the index since 2009. Recognising it as one of the world's most sustainable companies based on ESG criteria.



### S&P Global

Top 1 % S&P Global CSA Score.



### ISS ESG

Classified as Prime.



### CDP Climate Change 2024

Rated A List in the CDP Climate Change 2024.



### Equileap

In the Top 100 worldwide for gender equality in 2025.



## MSCI ESG Ratings

AAA rating.



## ECPI Sense in sustainability

Iberdrola selected in the most important indices.



## Euronext

Selected in several Euronext indices.



## Energy Intelligence

In the top 10 of the Green Utilities Report 2024 ranking.

Forbes 2025 GLOBAL  
2000: WORLD'S  
LARGEST PUBLIC  
COMPANIES

## Forbes 2025 Global 2000 World Largest Public companies

Selected 2025 Global 2000 World Largest Public companies.

## ecovadis

### EcoVadis

One of the best-performing companies.



## InfluenceMap

Iberdrola is one of the companies with the best performance.

## Brand Finance®

### **Brand Finance**

Among the 500 most valuable brands globally.

Carbon Clean 200 You Sow  
& Corporate Knights

### **Carbon Clean 200 You Sow & Corporate Knights**

First Spanish company in the ranking due to its commitment to clean energies.



### **Sustainalytics Rated**

Among the *utilities* with the best score.

STOXX Global ESG  
Leaders Indices

### **STOXX Global ESG Leaders Indices**

Included in the index Stoxx Global ESG Leaders and in the most important indices.

WBA Electric Utilities  
Benchmark

### **WBA Electric Utilities Benchmark**

Among the most influential *utilities* worldwide.



### **WDi (Workforce Disclosure Initiative)**

Iberdrola among the top 10 % of companies with the best score.

## Priorities for Iberdrola 2025-2026 regarding human rights

Continuously reviewing due diligence processes and ensuring they are in line with requirements from emerging human rights legislation (CSRD, ESRS, national regulations).

- Working closer together with subsidiaries to drive continuous improvement in due diligence processes and to monitor how effective measures are.
- Evolution of the human rights risk map including new categories arising from monitoring, including risks associated to the procurement of certain critical raw materials in our supply chain.
- Reinforcing supply chain due diligence throughout the selection, contracting and monitoring cycle of suppliers, with a special emphasis on risk sectors and geographical areas.
- Improving social impact assessments in corporate operations and integrating human rights criteria into mergers, acquisitions and strategic projects.
- Raising awareness of and providing training on human rights and due diligence for employees and third parties, expanding both the depth and comprehensiveness of content.
- Development of digital tools that structure and improve the management of information obtained in consultation processes and assessment, ensuring traceability and efficiency.
- Integrating technologies and management systems to automate data collection, enable predictive analysis and improve transparency across the value chain.
- Promoting transparency by updating the Human Rights Report and improving communication channels with stakeholders.

# 6. Appendix and glossary

## Annex I. Key Iberdrola milestones in the protection of human rights throughout the years

### 2015

- The Board of Directors approves the Policy on Respect for Human Rights.

### 2018

- Development of a human rights due diligence system aligned with the UNGPs and based on the identification of impacts and gaps in due diligence based on:
  - building of the methodological and analytical framework to carry out human rights due diligence in accordance with existing management mechanisms; and
  - gathering the necessary information to identify impacts on human rights and gaps in due diligence.

### 2019

- Consolidation of the due diligence process through:
  - the identification of potential impacts specific to the electricity sector and the definition of expectations related to human rights; and
  - the analysis of improvement aspects (gap analysis) and prioritization of actions to prevent and mitigate potential impacts.

### 2020

- Adaptation of management systems:
  - review of grievance and claim mechanisms;
  - new procedure for the formalization of the classification, monitoring and control of complaints and claims;
  - preparation of the Guide of recommendations for carrying out public consultations with local communities;
  - raising awareness regarding human rights among workers.
  - human rights protection measures during COVID-19.

### 2021

- Preparation of the Human rights risk map by an independent third party;

- Development of a digital tool for the management of public consultations with local communities; and
- Reinforcement of the external communication on matters related to human rights, by way of a new section on the corporate website.

## 2022

- Amendment of the Governance and Sustainability System to give the Sustainable Development Committee the competence to report regularly on human rights to the Board of Directors.
- Specific inclusion in the Human Rights Respect Policy of the company's commitment to prevent modern forms of slavery and to require its suppliers to do the same.
- Update of human rights risk maps in operations and sourcing countries.
- Publication of Iberdrola's first Human Rights Report with external verification by an independent third party.
- Incorporation of specific modern slavery issues to analyse this risk in the registration process of new suppliers.

## 2023

- Updating human rights risk maps in operations and sourcing countries, considering new areas of potential impact in response to emerging human rights issues.
- Incorporation of the human rights perspective in the new segmentation of the Stakeholder Engagement Model.
- Creation of a multidisciplinary working group to monitor the risk of forced labour in the solar panel supply chain.
- As a LEAD company, in 2023 Iberdrola focused on working around a just transition think lab, as a forum for working together and driving climate action from an inclusive and value-creating perspective for society as a whole.

## 2024

- Evolution of the Human Rights risk map to cover risks inherent to technologies and, if applicable, new risk categories where appropriate, derived from monitoring including that associated with the procurement of certain critical raw materials in the supply chain for responsible procurement.
- Reinforcing supply chain due diligence throughout the selection, contracting and monitoring cycle of the relationship with suppliers, including pre-qualification social audits.

- Strengthening the social perspective in decision-making in corporate transactions.
- Developing digital tools structuring and supporting management. In this way, it was able to better manage social impacts on local communities around the facilities and to properly document the information gathered during consultation processes.
- Continuous review of due diligence processes to ensure that it complies with the main international standards and requirements of emerging legislation on human rights, including the Directive on Corporate Sustainability Due Diligence (CSDDD).

## Glossary

**Universal access to energy:** Right of all people to have affordable, reliable and sustainable energy, linked to well-being and economic development.

**Value chain:** A company's value chain encompasses the activities that convert inputs into a value-added product. This includes entities with which the company has a direct or indirect business relationship and that (a) supply products or services that contribute to the company's products or services or (b) receive products or services from the company.

**Public commitment to respect human rights:** A high-level, widely available statement given by a company that sets out its intention to respect human rights with the expectation of being accountable for achieving that goal.

**Free, Prior and Informed Consent (FPIC):** Right of indigenous people and communities affected to be consulted and for them to give their consent before measures are implemented that could have an impact on their land, territory or lifestyle, in accordance with international standards like the ILO Convention 169.

**Operating context:** Place in which a company conducts business activities. It can refer to a country, a region within a country, or a local area.

**Human Rights due diligence:** An ongoing risk management process that a reasonable and prudent business should follow to identify, prevent, mitigate, and account for how it manages adverse human rights impacts. It includes four key steps: assessment of actual and potential human rights impacts; integration and action on results; response tracking; and communication on how impacts are managed.

**Employee:** A person who performs work for a company, regardless of the existence or nature of any contractual relationship with the company.

**Environmental of Impact Study and Associated Name EIAS):** A comprehensive evaluation that analyses the potential impacts of a project on the environment and local communities, including cumulative impacts and measures for prevention, mitigation and compensation, in accordance with international standards and local regulations.

**Stakeholders:** Stakeholders: any person or organization that can affect or be affected by the actions and decisions of the company. In the UNGPs Reporting Framework, the primary focus is on affected or potentially affected individuals or Stakeholders, i.e. individuals whose human rights have been or may be affected by company's operations, products or services. Other interested groups within the context of the UNGPs are the legitimate representatives of potentially affected Stakeholders, trade unions, as well as civil society organizations and others with experience and knowledge related to the impacts of business on human rights.

**Affected stakeholders:** A person or group of persons whose human rights have been or may be affected by the company's operations, products or services.

**Actual impact:** Impact that has occurred or is occurring. Includes legacy impacts and legacy legal liabilities.

**Negative impact on human rights:** An adverse human rights impact occurs when an action removes or reduces a person's ability to enjoy its human rights.

**Potential impact:** The potential impact has not yet occurred but could occur in the future.

**Relevant impact:** An adverse human rights impact that is serious by virtue of one or more of the following characteristics: its scale, scope, and remediability. Scale means the seriousness of the consequences for human rights. Reach, the number of people who are or could be affected. Remediability means the facility to return the affected persons to a situation equal to or similar to the situation in which they enjoyed their rights before suffering the harm.

**Negative impact:** An adverse human rights impact occurs when an action removes or reduces a person's ability to enjoy its human rights.

**Integration of respect for human rights:** A macro-level process to ensure that the company's responsibility to respect human rights is embedded or disseminated throughout the organization in its corporate culture and values. It requires that all personnel are aware of the company's public commitment to respect human rights, understand its implications for how they do their jobs, are all trained, empowered and incentivised to act in ways that support the commitment and consider it as intrinsic to workplace values. Integration is a continuous process, generally driven from the highest position in the company.

**Mitigation hierarchy:** A principle that guides how adverse impacts are managed, prioritising prevention, followed by mitigation and then lastly compensation or offsetting.

**Human rights risk map:** A tool that identifies and assesses the risk of human rights violations based on the sector, country and stage of the project's lifecycle, taking into account factors such as regulatory protection, if there are vulnerable groups and socio-economic conditions.

**Critical minerals:** Essential mineral resources for making renewable technology and energy storage (like lithium, cobalt and rare earth elements), whereby the extraction process can result in social, environmental and human rights risks in certain geographic areas.

**Mitigation of an impact:** Mitigation of an adverse impact on human rights refers to the measures taken to reduce the degree of the impact. Mitigation of a human rights risk refers to measures taken to reduce the likelihood of a potential adverse impact occurring.

**Stakeholder engagement concerns:** An ongoing process of interaction and dialogue between a business and its Stakeholders that enables the business to listen, understand, and respond to their interests and concerns, including through collaborative processes.

**Prevention of an impact:** Prevention of an adverse impact on human rights refers to the measures taken to ensure that the impact does not occur.

**Main centres of activity:** The identification of the main centres of activity corresponds to the following rationalization criteria:

- in countries with a high number of sites, the most important sites are identified as the main centres of activity, undertaking that the personnel who travel to work at the smaller sites are assumed to thus have an organizational, hierarchical or functional dependence which will guarantee their rights through the tools and procedures established in the organization.
- In countries where there is a low number of sites or where there is only one site, these are considered main centres of activity, regardless of the number of people working in them or their importance to the business.

**United Nations Guiding Principles on Business and Human Rights:** A set of 31 principles that set out the respective roles of States and businesses in ensuring that businesses respect human rights in their operations and through their commercial relationships. The Guiding Principles were endorsed by the United Nations Human Rights Council in 2011.

**Indigenous peoples:** Although there is no universal definition of indigenous peoples by the United Nations system, Iberdrola understands this term based on international standards resulting from ILO Convention No. 169:

- Self-identification as indigenous peoples at the individual level and accepted by the community as their member. Historical continuity with pre-colonial and/or pre-settler societies.
- Strong link to territories and surrounding natural resources.
- Distinct social, economic, or political systems.
- Distinct language, culture, and beliefs.
- Form non-dominant groups of society.
- Resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities.

**Commercial relations:** The relations that a company has with its partners, entities in its value chain and any State or non-state entity directly related to its operations, products, or services. These include indirect relationships in the value chain, beyond the first line, as well as minority or majority participation positions in joint projects (joint ventures).

**Repair:** They refer to the processes tending to remedy an adverse consequence on human rights and the substantive results that can counteract, or compensate, that adverse consequence. These results can take various forms, such as apologies, restitution, rehabilitation, financial or non-financial compensation and punitive sanctions (whether criminal or administrative, for example fines), as well as measures to prevent further damage, such as requirements or guarantees of non-repetition.

**Responsibility to respect human rights:** A company's responsibility to avoid infringing on people's human rights, and to address and manage adverse impacts with which it may be involved, as set out in the UNGPs.

**Business partner:** Entities with which a company has some form of direct and formal relationship in order to meet its business objectives. This includes but is not limited to contractual relationships. Examples include joint venture partners, suppliers, dealers or licensees, business clients, customers, governments, vendors, contractors, and consultants.

**Fair energy transition:** Set of policies, measures and procedures ensuring Just Transition towards a decarbonised economy that is done in an inclusive, equitable and respectful manner to human rights, avoiding leaving behind workers, communities and vulnerable groups.

**Contractor/Supplier worker:** Any person who performs work for the benefit of a primary employer, even if the employment relationship is with a third party. This guide uses the term "worker" to also refer to third-party workers with whom the company has a direct or indirect business relationship.



**Imagine, innovate, create, build, make it happen and ... continue.**

**Continue, in order to keep growing.**

**Building** new pathways has made us the world's leading innovative electric company. A sustainable company, with distinctive **growth**, because our work leaves a positive legacy for society and for the planet: growing through an energy model that protects nature, creates value for shareholders and generates progress and well-being for society, improving the present and the future for current and future generations. **This is the path by which we will continue to grow.**

**Iberdrola 2025 General Shareholders' Meeting.**

**Keep growing, keep building a better world.**