

Activities Report of the Board of Directors and of the Committees thereof / 2021



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Translation from the original in Spanish. In the event of any discrepancy, the Spanish-language version shall prevail.



01. Presentation



In an environment still shaped by the complex health, social and economic circumstances presented by the pandemic, in 2021 Iberdrola made significant progress in its pursuit of the sustainable growth strategy designed already two decades ago, based on accelerating the energy transition and internationalisation.

Our investments in renewables, smart grids and storage, which hit a new record in the past financial year, have allowed us to continue contributing to the creation of a cleaner, safer and more competitive socio-economic and energy model. The projects that were launched or whose construction started in 2021 are proof of our technological leadership and our capacity to deliver, working hand in hand with the thousands of companies that comprise Iberdrola's supply chain and with which we generate more and more wealth and jobs.

We have also strengthened the internationalisation of the Group, reaffirming our presence in the markets in which we were already doing business and entering new high-potential markets, particularly in Asia.

As a result of these efforts, Iberdrola is today a larger company, not only in terms of size and international presence but, above all, in terms of social responsibility. Because our growth allows us to make an increasingly significant contribution to the development of society in all the countries where we have a presence, thus showing our empathy, sensitivity and commitment to the well-being of all citizens.

These are the key features that shaped Iberdrola's performance in 2021, based on the definition and supervision of the general strategy entrusted to its management decision-making bodies, whose work is described in this Activities Report of the Board of Directors and of the Committees thereof.

With the publication of this report, we confirm, yet another year, our full commitment to ethics, transparency and good governance. And we do this with the firm belief that best practices in the dissemination of information inspire confidence among all Stakeholders and are essential to

responsible management in a context in which society demands increasing knowledge about the performance of companies and the impact thereof on its environment.

During financial year 2022, the priorities of the Board and its committees will centre around the continuing consolidation of Iberdrola's role as a leader in the transition towards a safe, competitive and decarbonised energy model. Now that there is unanimous consensus about the need to establish more sustainable and socially responsible growth patterns, Iberdrola's track record and position will enable us to promote true sustainable development better than anyone else, through the electrification of the economy based on renewable energies, grids and storage.

This report addresses key issues regarding the Board of Directors, including the profile of its members, the majority of whom (71%) are independent, in compliance with the provisions of our By-Laws. Moreover, diversity in terms of professional experience and nationality of the directors ensures a plurality of views and opinions and independence of judgement. Information is also provided on the significant presence of women (43%), which reflects the Company's firm commitment to advancing gender equality.

I would like to conclude by thanking the members of the Board of Directors and all the employees of the Iberdrola group for the commitment and professionalism they have once again demonstrated during this financial year. The work performed by this increasingly large, diverse and international team is key to our ability to continue providing an essential service to society and creating sustainable value for all.



02. Board of Directors

The primary purpose of Iberdrola's Board of Directors is to establish, supervise and implement the strategy of the Company and its Group. In addition, it defines its management guidelines, and formulates and continuously updates the Governance and Sustainability System. Since 2021 it has approved and updated the Climate Action Plan, which is prepared with a view to achieving greenhouse gas emissions neutrality.

2.A Composition and attendance

As set forth in the *Board of Directors Diversity and Member Selection Policy*, which endeavours to ensure the optimal composition of the governance bodies, the selection of candidates for independent director first considers external directors of companies in which the Group has an interest. This selection criterion makes it possible to ensure that the candidates are acquainted with the industry and with the Group's activities, and that they will rapidly adapt to the dynamics of the Board of Directors. It also gives the Appointments Committee first-hand knowledge of the skills, working capacity, commitment to the position and potential for the contribution of value of the new members of the Board of Directors.

The selection of candidates for director based on a prior assessment of the needs of the Board of Directors is also encouraged, such that said assessment can ensure diversity in terms of skills, expertise, experience, origin, nationality, age and gender in its composition and, in particular, that any kind of discrimination that may hinder the appointment of female directors is avoided, pursuant to the provisions of Sustainable Development Goal (SDG) Five.

For these purposes, the Appointments Committee regularly reviews the skills matrix of the Board of Directors, a tool that makes it possible to ensure that the selection of candidates is consistent with the inclusion of profiles that contribute the skills considered to be essential at any given time.

As a result of this process, at 31 December 2021 the Board of Directors had a balanced composition, with a broad majority of independent directors (78.6 %), and with remarkable professional qualifications and experience among its members, which reveals a clear focus on diversity in terms of expertise, origin and gender.

Furthermore, the current composition of the Board of Directors complies in advance with recommendation 15 of the *Good Governance Code of Listed Companies* to have at least 40% of female directors by the end of 2022. In this regard, the Company has six female directors (43%), and at 31 December 2021, half of the consultative committees of the Board of Directors were chaired by women.

The Board of Directors held a total of eight meetings in 2021, with the attendance of all of the directors.

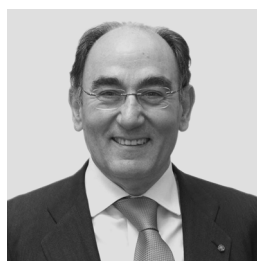
Board of Directors Diversity and Member Selection Policy



Equality, Diversity and Inclusion Policy



For more information on the profiles of the Board of Directors' members, access the curriculum vitae of each of them by clicking on their name or scanning the QR code.

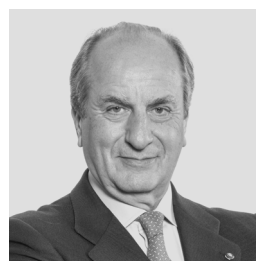


José Ignacio Sánchez Galán

Chairman & CEO

Type: Executive

Year of first appointment: 2001

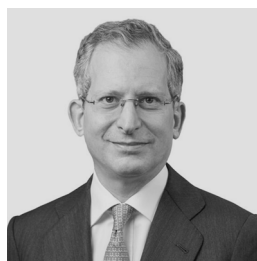


Juan Manuel González Serna

First vice-chair and lead independent director

Type: Independent

Year of first appointment: 2017



Anthony L. Gardner

Second vice-chair

Type: Independent

Year of first appointment: 2018



Íñigo Víctor de Oriol Ibarra

Type: Other external¹

Year of first appointment: 2006



María Helena Antolín Raybaud

Type: Other external²

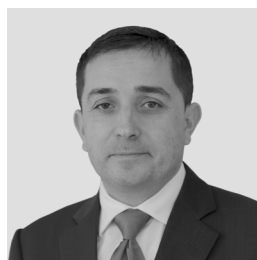
Year of first appointment: 2010



Manuel Moreu Munaiz

Type: Independent

Year of first appointment: 2015



Xabier Sagredo Ormaza

Type: Independent

Year of first appointment: 2016



Francisco Martínez Córcoles

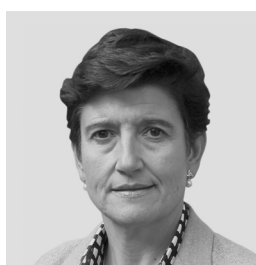
Type: Other external³

Year of first appointment: 2017

¹ Mr Íñigo Víctor de Oriol Ibarra is classified as other external director because he has exceeded 12 years in office.

² Ms María Helena Antolín Raybaud was an independent director until 26 March 2022. She was reclassified as other external director because she exceeded 12 years in office on such date.

³ Mr Francisco Martínez Córcoles was an executive director until 1 November 2021.

**Sara de la Rica Goiricelaya**

Type: Independent

Year of first appointment: 2019

**Nicola Mary Brewer**

Type: Independent

Year of first appointment: 2020

**Regina Helena Jorge Nunes**

Type: Independent

Year of first appointment: 2020

**Ángel Jesús Acebes Paniagua**

Type: Independent

Year of first appointment: 2020

**María Ángeles Alcalá Díaz**

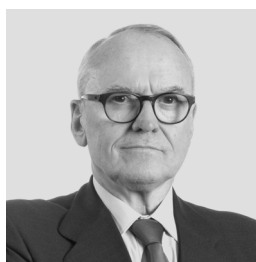
Type: Independent

Year of first appointment: 2021

**Isabel García Tejerina**

Type: Independent

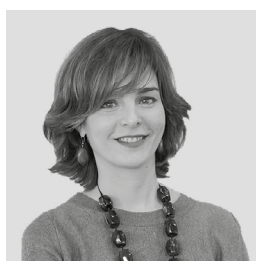
Year of first appointment: 2021

**Julián Martínez-Simancas
Sánchez**

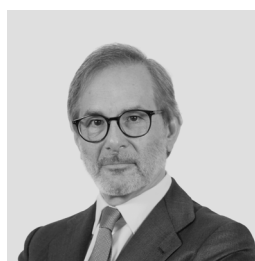
Non-director secretary

**Santiago Martínez Garrido**

First non-director deputy secretary

**Ainara de Elejoste Echebarria**

Second non-director deputy secretary

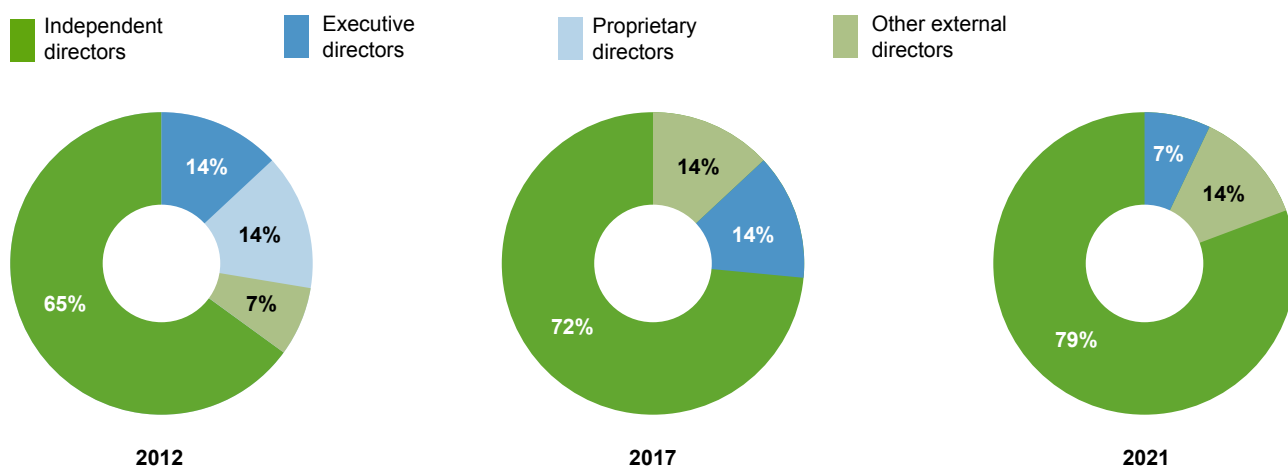
**Rafael Mateu de Ros Cerezo**

Counsel to the Board

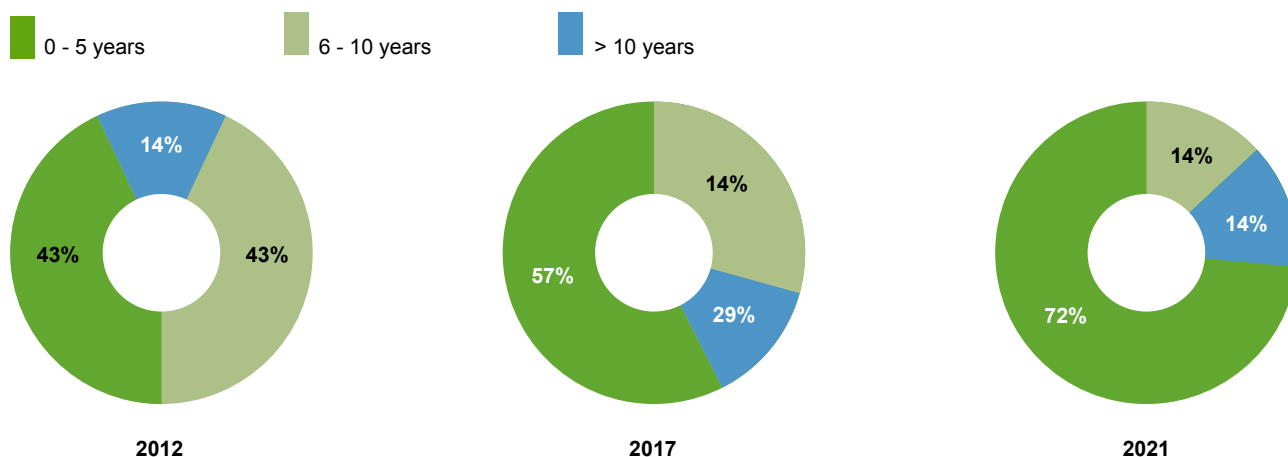


Seniority and independence of the directors

Composition of the Board of Directors

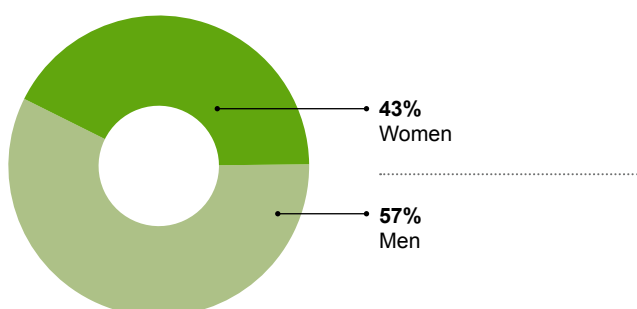


Seniority of directors

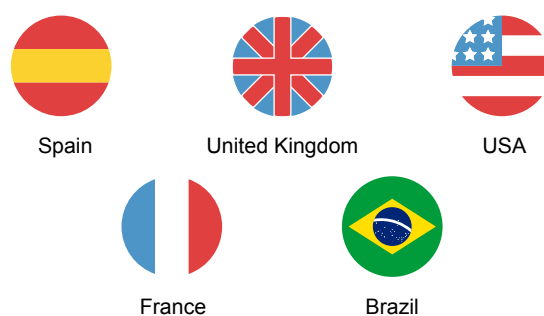


Gender and nationalities

Gender diversity



Nationalities

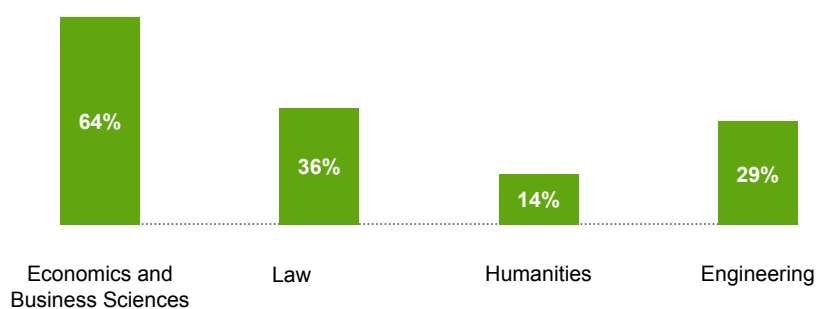




Skills of the directors

Administration and senior management	(14 of 14)
Accounting, auditing, finance and risks	(12 of 14)
Energy industry	(14 of 14)
Electricity sector	(5 of 14)
Business and international	(11 of 14)
Corporate governance and sustainable development	(13 of 14)
Institutional and legal	(8 of 14)
Remuneration systems	(6 of 14)
Human capital and talent	(9 of 14)
Academia	(6 of 14)
Digitalisation and cybersecurity	(2 of 14)

Academic training



2.B Key issues

Balanced growth

- Preparation of the group's annual financial statements.
- Presentation of quarterly, half-yearly and annual results.
- Performance and expectations of each of the Group's Businesses and status of the issues with a strategic impact on them: regulatory and technological changes, and risks and opportunities arising from the energy transition, from public decarbonisation policies and from climate change.
- Monitoring of relevant climate-related regulations: *Climate Change and Energy Transition Act and Proposed Bill for the establishment of the National Fund for Sustainability of the Electric System*.
- Analysis of topical issues in the energy sector in Spain, including decarbonisation and the modification of the tariff system.
- Presentation of projects of the Group within the framework of the Next Generation EU plan.
- Monitoring of corporate transactions.
- Monitoring of the *Outlook 2020-2025*.
- Budgets for financial year 2022.

Sustainable remuneration of shareholders

- Shareholder remuneration in line with *Outlook 2020-2025*: implementation of the "Iberdrola Retribución Flexible" optional dividend system.
- Renewal of the "Iberdrola Retribución Flexible" optional dividend system.

Sustainability

- Preparation of the *Statement of Non-Financial Information. Sustainability Report*.
- Amendment of the *General Sustainable Development Policy* and of the *Human Resources Framework Policy*.
- Approval of the Climate Action Plan.
- Risks and opportunities arising from climate change.
- Monitoring of greenhouse gas emission reduction targets.
- Monitoring of activities with a strategic impact related to climate change and economic recovery.
- Analysis of the level of implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- Assessment of the Group's position in relation to ESG matters.
- Monitoring of the participation in the UN Climate Change Conference (COP26).
- Approval of the *Tax Transparency Report*.
- Approval of the *Equality, Diversity and Inclusion Policy*.
- Approval of the *Diversity and Inclusion Report*.
- Acknowledgement of the report of the Foundations Committee regarding the budgets of the various foundations of the Group.
- Supervision of activities with an impact on the social dividend.

- Talent management: analysis of best practices at the international level in talent attraction, retention, management and promotion, as well as in connection with programmes for training and monitoring of management teams.
- Monitoring of the COVID-19 pandemic and its impact on the businesses and the workforce.

Financial strength

- Issue of a green hybrid bond by Iberdrola International B.V.
- Amendment of the *General Guidelines on Supervision of Investments in and Divestments from Companies within the Iberdrola Group*.
- Renewal of guarantee provided by Iberdrola within the framework of the update of the Euro Medium Term Note programme.
- Implementation of the reduction in share capital through the retirement of own shares approved at the General Shareholders' Meeting.
- Monitoring of key financial indicators: interest rate structure, liquidity position and exchange rate transactions.
- Monitoring of the transfer of the subsidiary Iberdrola Clientes Internacional, S.A. (Sociedad Unipersonal) by Iberdrola Energía Internacional, S.A. (Sociedad Unipersonal) to Iberdrola Clientes España, S.A. (Sociedad Unipersonal).

Risk control

- Review and update of the risk policies and approval of risk limits for 2021.
- Monitoring of the risk control and management systems and of the level of compliance with the *Corporate Tax Policy*.
- Process of re-election/appointment of the statutory auditor and of the assurance provider for the *Statement of Non-Financial Information. Sustainability Report*.
- Approval of Corporate Rules regarding data protection.
- Supervision of personal data protection activities carried out in 2021.
- Monitoring of legal proceedings.
- Monitoring of the impact of the COVID-19 crisis.

Corporate governance and compliance

- Holding of the General Shareholders' Meeting exclusively by remote means.
- Ongoing review of the Governance and Sustainability System.
- Supervision of compliance with obligations under the Governance and Sustainability System and with the recommendations of the CNMV's *Good Governance Code of Listed Companies*.
- Proposed amendment of the *Regulations for the General Shareholders' Meeting* in order to regulate remote attendance among other purposes.
- Appointments and re-elections of directors: appointment of Ms María Ángeles Alcalá Díaz and of Ms Isabel García Tejerina as independent directors to fill the vacancies arising from the resignation of Mr José W. Fernández and of Ms Samantha Barber, respectively; and re-election of Mr Juan Manuel González Serna, of Mr Ángel Jesús Acebes Paniagua and of Mr Francisco Martínez Córcoles.
- Appointments and re-elections to internal positions and of committee members: appointment

of Mr Anthony L. Gardner as second vice-chair and as a member of the Executive Committee, of Ms María Ángeles Alcalá Díaz as a member of the Audit and Risk Supervision Committee and of Ms Isabel García Tejerina as a member of the Sustainable Development Committee; and re-election of Mr Ángel Jesús Acebes Paniagua as a member of the Executive Committee and of Mr Juan Manuel González Serna as lead independent director, as a member of the Executive Committee and as chair of the Remuneration Committee.

- Appointment of Mr Santiago Martínez Garrido as general secretary.
- Appointment of Mr Armando Martínez Martínez as the Group's Business CEO.
- Appointment of Ms María Dolores Herrera Pereda and of Ms Elena León Muñoz as members of senior management.
- Approval of proposed appointments of independent directors at country subholding companies.
- Remuneration of the members of the Board of Directors and of senior management, as well as definition of objectives linked to annual variable remuneration 2021.
- Making of the second annual payment of the *Strategic Bonus 2017-2019*.
- Definition of guidelines for evaluation of the operation of the corporate decision-making bodies and approval of the guidelines for evaluation at the main country subholding and business subholding companies.
- Monitoring and approval of related-party transactions with directors and significant shareholders.
- Reporting on meetings with corporate governance analysts and with proxy advisors.
- Amendment of the *Regulations of the Compliance Unit* and changes in the composition thereof.
- Approval of the budget of the Compliance Unit.
- Acknowledgement of the *Annual Report on the Effectiveness of the Compliance System* designed by the Compliance Unit.
- Amendment of the *Internal Regulations on the Composition and Duties of the Foundations Committee*.
- Monitoring of the CENYT case.

New duties assigned to the Board of Directors during financial year 2021

- Approve and regularly update a Climate Action Plan to reach greenhouse gas emission neutrality by 2050. This Plan must include the interim objectives, the strategy and the investment plan contemplated to achieve said objectives, as well as the methodologies used to evaluate the implementation thereof.

Priorities for 2022

- Update and monitoring of the Outlook 2020-2025 and the forecast for 2030.
- Implementation of the Climate Action Plan.
- Oversight of the impact of the Group's activities and plans on its various stakeholders within the framework of the generation of the social dividend.
- Monitoring of the impact of COVID-19 on the Group's activities and in the geographic areas in which Iberdrola group provides services.
- Analysis of changes in the energy policy of the countries in which the Group has a presence.
- Re-election of the statutory auditor at the 2022 General Shareholders' Meeting.
- Renewal of the Board of Directors.

2.C Appearances

The Business CEO and the Director of Administration and Control have regularly appeared before the Board of Directors.

In addition, the Finance, Control and Resources Director (CFO), the Directors of Corporate Development, Liberalised Business, Networks Business and Renewables Business, as well as the heads or executives of the following areas and/or companies of the Group have been invited on particular occasions:

- Corporate Social Responsibility and Reputation
- ScottishPower Ltd.
- Global Tax
- Iberdrola Renovables Energía, S.A. (Sociedad Unipersonal)
- Planning, Management and Regulatory Positioning
- European Affairs and Brussels Office
- Iberdrola España, S.A. (Sociedad Unipersonal)
- Innovation, Sustainability and Quality
- Data Protection

Various external advisers have also appeared before the Board.

Link to the Regulations of the Board of Directors











03. Executive Committee

The Executive Committee provides the Board of Directors with flexibility and with ongoing monitoring of the agenda thereof, and it meets with greater frequency.

3.A Composition and attendance

Member		Position	Type	First appointment to the Committee
José Ignacio Sánchez Galán		Chair	Executive	2001
Manuel Moreu Munaiz		Member	Independent	2016
Juan Manuel González Serna		Member	Independent	2020
Ángel Jesús Acebes Paniagua		Member	Independent	2020
Anthony L. Gardner		Member	Independent	2021
Julián Martínez-Simancas Sánchez		Non-director secretary		

During financial year 2021, Mr Anthony L. Gardner was appointed as a member of the Executive Committee to fill the vacancy left by the resignation of Ms Samantha Barber. In addition, Mr Juan Manuel González Serna and Mr Ángel Jesús Acebes Paniagua were re-elected as members of the Executive Committee.

During financial year 2021, this Committee held fifteen meetings, with all of its members attending each of such meetings.

3.B Key issues

Profitable growth

- Monitoring of the operating indicators by business and by geographic area.
- Monitoring of the financial results of the Group companies.
- Monitoring of the investment projects of the Liberalised Business, of the Networks Business and of the Renewables Business.
- Monitoring of the projects presented within the framework of the Next Generation EU plan.

- Analysis of current issues in the energy sector in Spain, including decarbonisation and the modification of the tariff system.
- Supervision of corporate transactions.
- *Outlook 2020-2025* and vision to 2030.
- Foundations for the Group's budget for financial year 2022 and monitoring of the implementation of the budget for 2021.

Sustainability

- Monitoring of Iberdrola's participation in the World Economic Forum in Davos.
- Monitoring of the participation in the UN Climate Change Conference (COP26).
- Analysis of questions raised by shareholders and proxy advisors.
- Iberdrola's presence on sustainability indices.
- Monitoring of the impact of COVID-19 on the well-being of the workforce.
- Monitoring of the process of adapting the group's payroll structure to the strategy defined in *Outlook 2022-2025*.

Financial strength

- Changes in share price, credit rating and opinion of financial analysts.
- Major financial transactions.
- Change in composition of the shareholders of the Company.
- Analysis of the process of review and modification of the thresholds for supervision of investments and divestments and awards and purchases.
- Establishment of the terms and conditions of the first increase in capital by means of a scrip issue.
- Supervision of the sale of Iberdrola Canada Energy Services Ltd. carried out by Scottish Power Overseas Holding Limited.

Review of risk

- Impacts on the Group arising from the COVID-19 pandemic.
- Monitoring of reputational risks.
- Analysis of Brexit-related impacts and measures.
- Changes in the energy regulatory environment with an impact on the Group, including the regulations on access and connection to networks and new usage charges in Spain; the proposed financial parameters for the regulatory and remuneration framework for electricity distribution in the United Kingdom; and the proposed constitutional reform of the power industry and court decisions on the rules governing usage charges for renewable energies in Mexico.
- Monitoring of changes in climate-related regulations at both the domestic and the international level.

Priorities for 2022

- Oversight of the Group's investments within the framework of the 2025 and 2030 Outlook.
- Monitoring of resources needed for the Group's activities.
- Review of the economic and financial environment and of its impact on the Group.
- Analysis of opportunities for medium- and long-term growth.
- Monitoring of regulatory developments in the countries in which the Group has a presence.

3.C Appearances

The Office of the Business CEO participates regularly.

In addition, the Directors of Administration and Control, of Legal Affairs, of the Liberalised Business, of the Networks Business and of the Renewables Business, as well as the heads or executives of the following areas and/or companies of the Group have been invited on particular occasions:

- Human Resources, General Services and Corporate Security
- Innovation, Sustainability and Quality
- Iberdrola España, S.A. (Sociedad Unipersonal)







04. Audit and Risk Supervision Committee

“During financial year 2021, the Audit and Risk Supervision Committee monitored the risks of the Iberdrola group, with a special focus on those related to technology and cybersecurity, as well as on the impact of ESG (environmental, social and corporate governance) matters”

– Xabier Sagredo Ormaza
(chair of the Audit and Risk Supervision Committee)

4.A Composition and attendance

Member		Position	Type	First Appointment
Xabier Sagredo Ormaza		Chair	Independent	2016
Regina Helena Jorge Nunes		Member	Independent	2020
María Ángeles Alcalá Díaz		Member	Independent	2021
Rafael Sebastián Quetglas		Non-director secretary		

Ms María Ángeles Alcalá Díaz was appointed as a member of the Audit and Risk Supervision Committee on 26 October 2021 to fill the vacancy left by the resignation of Mr José W. Fernández. The selection of members of the Audit and Risk Supervision Committee (all of whom are independent directors) is based on their qualifications and experience, which are described in their respective profiles available on the corporate website.

During financial year 2021, the Audit and Risk Supervision Committee held twelve meetings, with all of its members attending each of such meetings.

4.B Key issues

Financial information and internal control

- Reports to the Board of Directors on the financial information of Iberdrola and its consolidated Group for financial year 2020, as well as for the first quarter and the first half of financial year 2021.
- Reports to the Sustainable Development Committee regarding the sections on risks and Internal Control over Financial Reporting (“ICFR”) system of the *Annual Corporate Governance Report 2020*.

- Memorandum of internal control recommendations resulting from the financial information audit of financial year 2020 and supervision of the tasks performed to implement them.
- Verification of the financial information published on the corporate website and on the website of the CNMV.
- Analysis of the alternative performance measures included in the annual financial statements and in the directors' report for financial year 2020, as well as in the financial information for the first quarter and the first half of 2021.
- Ongoing evaluation of the ICFR system.
- Review of the map of companies making up the Iberdrola group for the proper definition of the scope of consolidation.

Non-financial information and internal control

- Report to the Sustainable Development Committee regarding the process of preparation and submission of the *Statement of Non-Financial Information. Sustainability Report 2020* (the "SNFI").
- Proposed appointment of the independent service provider responsible for verifying the information contained in the SNFI.
- Internal control recommendations arising from verification of the content of the SNFI.
- Oversight of the implementation of the Internal Control over Non-Financial Reporting System ("ICNFR System").

Risk management and control

- Report to the Board of Directors on the risk control and management systems.
- Analysis of the quarterly and half-yearly risk information for financial year 2021.
- Review of the implementation of the internal control policies and systems.
- Review of the risk policies and submission to the Board of Directors of a proposal for update thereof.
- Monitoring of the risks of the Group's Businesses, those arising from climate change, technological, environmental, social, regulatory, reputational and cybersecurity risks, as well as those associated with the activities of the Finance, Control and Resources Division. Analysis of alert mechanisms for these types of risks.

Internal Audit

- Approval of the annual activity plan, budget and objectives of the Internal Audit Area for financial year 2022.
- Monitoring and update of the annual activity plan of this area for 2021.
- Acknowledgement of the activity plan of the Internal Audit Area, including review of the management of the ESG strategy.
- Monitoring of the activities and recommendations of the Internal Audit Area.
- Evaluation of the performance of the Director of Internal Audit.

Statutory audit

- New version of the *Statutory Auditor Contracting and Relations Policy*.
- Process of re-election/appointment of the statutory auditor.
- Monitoring of new accounting developments.
- Terms for hiring the statutory auditor for the audit of the 2021 annual financial statements.
- Evaluation of the statutory auditor.
- Report to the Board of Directors regarding the independence of the statutory auditor.
- Approval of the provision of non-audit services by the statutory auditor.
- Approval of the indicative limit on the fees that may be received by the auditor annually for the provision of non-audit services.

Other activities

- Proposed *Procedure for Related-Party Transactions with Members of Senior Management, Delegated Related-Party Transactions and Series of Related-Party Transactions*.
- Modification of the *General Framework of Relations of Coordination and Information among the Audit Committees of the Company and its Group*.
- Monitoring of treasury shares.
- Monitoring of interests in special purpose entities or entities registered in tax havens.
- Report on the level of compliance with the *Corporate Tax Policy* and the tax standards applied during financial year 2020 and the first half of 2021, as well as review of the *Tax Transparency Report. Our Commitment to Society*.
- Tax analysis of transactions within the framework of the *Regulation on Supervision of Investments in and Divestments from Companies within the Iberdrola Group*.
- Submission to the Spanish Tax Administration Agency of the *Annual Tax Transparency Report for companies adhering to the Good Tax Practices Code*. Acknowledgement of the congratulatory letter from the Tax Agency highlighting the willingness and facilities offered by Iberdrola for the review of the report, as well as the voluntary exercise in transparency.
- Tax compliance management systems. UNE 19602 standard. Communication of the satisfactory result of the annual audit by the certification agency AENOR, as well as the independent expert report performed by an external consultant.
- Review of the accounting statement relating to the distribution of an interim dividend for financial year 2021.
- Monitoring of the Strategic Cybersecurity and Cyber-resilience Capacity Plan.
- Supervision of ethics mailboxes and of investigations regarding potentially significant financial and accounting improprieties.
- Analysis of the Report from Legal Affairs regarding claims during financial year 2021.
- Approval of the schedule of meetings and of the annual work plan of the committee for financial year 2022. Half-yearly review of the annual work plan 2021.
- Acknowledgement of the Activities Report of the Risk Management and Internal Assurance Division for financial year 2021 and approval of its annual activity plan, budget and objectives for 2022.
- Performance of the duties of an audit committee at the subsidiaries of the Company Iberdrola Finanzas, S.A. (Sociedad Unipersonal), Iberdrola Finance Ireland, DAC and Iberdrola International B.V.

New duties assigned to the Committee during financial year 2021

- In connection with related-party transactions: (i) report on said transactions prior to approval thereof by the shareholders at a General Shareholders' Meeting or by the Board of Directors (or, in urgent cases, by the Executive Committee); (ii) ensure that related-party transactions are fair and reasonable from the viewpoint of the Company and, if applicable, of shareholders other than the related party; (iii) prepare, within the first six months following the close of each financial year of the Company, an overview of the related-party transactions with respect to which it has issued a report; and (iv) inform the Appointments Committee of related-party transactions that might affect the classification of directors.

Priorities for 2022

- Review and evaluation of the strength of the ICNFRS.
- Monitoring of emerging cybersecurity risks and identification of vulnerability areas.
- Oversight of regulatory risks in the different countries in which the Group operates.

4.C Appearances

The Director of the Internal Audit Area, the Director of Risks and Internal Assurance, the Director of Administration and Control, and the representatives of the statutory auditor have regularly appeared before the Committee. The party in charge of verifying the information contained in the SNFI has also appeared before the Committee⁴.

In addition, the Finance, Control and Resources Director (CFO), the Directors of Legal Affairs, Compliance, Liberalised Business, Networks Business and Renewables Business, and the heads or executives of the following areas have been invited on particular occasions:

- Internal Assurance
- Risk Supervision
- Corporate Social Responsibility and Reputation
- Consolidation
- Global Tax
- Investor Relations and External Communication
- Finance and Treasury
- Climate Change and Alliances
- Energy Policies and Climate Change
- Cybersecurity and Data Protection

⁴ Both the Director of the Internal Audit Area and the Director of Risks and Internal Assurance appeared at all meetings of the Committee, while the party in charge of verifying the information contained in the SNFI participated in five meetings. The representatives of the statutory auditor appeared at nine meetings, and during said meetings, they participated on thirteen occasions in order to report on various matters relating to the audit.



- Corporate Governance
- Organisation and Information Systems
- Litigation - Legal Affairs
- Financial, Development and Corporate Legal Services

Various outside speakers have also appeared before the Committee.

*Link to the Regulations of the Audit
and Risk Supervision Committee*









05. Appointments Committee

“The Appointments Committee continues to pursue its strategy to manage the Company’s talent by encouraging the professional development and internal promotion of the members of senior management and ensuring that the appointments to positions on the Board are aligned with the competencies required by the Company at all times.”

– Ángel Jesús Acebes Paniagua
(chair of the Appointments Committee)

5.A Composition and attendance

Name		Position	Type	First Appointment
Ángel Jesús Acebes Paniagua		Chair	Independent	2020
Anthony L. Gardner		Member	Independent	2019
María Helena Antolín Raybaud		Member	Other external	2015 ⁵
Íñigo Gómez-Jordana Moya		Secretario no consejero		

All members of this Committee attended the ten meetings held during financial year 2021.

5.B Key issues

Selection, composition and evaluation of the governance bodies

- Proposals for and/or reports on appointments and re-elections of directors: appointment of Ms María Ángeles Alcalá Díaz and of Ms Isabel García Tejerina as independent directors; and re-election of Mr Juan Manuel González Serna, Mr Ángel Jesús Acebes Paniagua and Mr Francisco Martínez Córcoles.
- Proposals for appointments and re-elections to internal positions and of committee members: appointment of Mr Anthony L. Gardner as second vice-chair and as a member of the Executive Committee, of Ms María Ángeles Alcalá Díaz as a member of the Audit and Risk Supervision Committee and of Ms Isabel García Tejerina as a member of the Sustainable Development Committee; and re-election of Mr Ángel Jesús Acebes Paniagua as a member of the

⁵ On 26 March 2022, Ms María Helena Antolín Raybaud was reclassified as other external because she exceeded 12 years in office and left her position as chair of the Appointments Committee (given that this position is reserved for directors classified as independent).

Executive Committee and of Mr Juan Manuel González Serna as lead independent director, as a member of the Executive Committee and as chair of the Remuneration Committee.

- Report on the appointment of Mr Santiago Martínez Garrido as general secretary.
- Review of the *Board of Directors Diversity and Member Selection Policy* and verification of compliance therewith.
- Report on the appointment of independent directors at country subholding companies.
- Report on the classification of the directors and reclassification of Mr Francisco Martínez Córcoles as other external.
- Leading and coordinating the process of evaluation of the operation of the governance bodies.
- Design and ongoing review of the skills matrix of the Board of Directors.

Talent management and promotion

- Reports to the Board of Directors regarding the proposals made by the chairman & CEO to appoint Ms María Dolores Herrera Pereda and Ms Elena León Muñoz as members of senior management of the Company.
- Report to the Board of Directors regarding the proposal made by the chairman & CEO to appoint Mr Armando Martínez Martínez as new Business CEO.
- Analysis of best practices in connection with skills matrices.
- Analysis of best practices at the international level in the area of talent management and executive development.

Conflicts of interest and related-party transactions

- *Report on related-party transactions* with directors, significant shareholders and their respective connected persons for 2020.
- Potential conflicts of interest of the directors.
- Analysis of and reports on potential appointments of directors at external entities.

Priorities for 2022

- Coordinating the evaluation of the governance bodies.
- Planning the renewal of the Board of Directors and of the committees thereof and update of the skills matrix of the Board of Directors.
- Re-election and/or appointment of directors.
- Analysis and monitoring of best practices at the international level in talent attraction, retention, management and promotion.



5.C Appearances

The Director of Corporate Governance and the Director of Digital Channels – Webmaster have been invited on particular occasions.

Various external advisers have also appeared before the Committee in order to provide training within the framework of the Committee's programme and objectives.

Link to the Regulations of the Appointments Committee









06. Remuneration Committee

“The Remuneration Committee prepared a new Director Remuneration Policy in line with the Companies Act, which the Board of Directors subsequently submitted to the shareholders for approval at the General Shareholders’ Meeting”.

– Juan Manuel González Serna
(chair of the Remuneration Committee)

6.A Composition and attendance

Name		Position	Type	First Appointment
Juan Manuel González Serna		Chair	Independent	2017
Manuel Moreu Munaiz		Member	Independent	2018
Íñigo Víctor de Oriol Ibarra		Member	Other external	2020
Rafael Mateu de Ros Cerezo		Non-director secretary		

The Remuneration Committee held a total of nine meetings in 2021, with the attendance of all of the Committee members, who also approved resolutions in writing and without a meeting on three other occasions.

6.B Key issues

Director remuneration

- Proposed *Annual Director Remuneration Report 2020*.
- Proposal to the Board of Directors of a new *Director Remuneration Policy* and review of conformance of the contracts of executive directors to the new Policy.
- Report on the remuneration of the directors and senior management set out in the half-yearly and annual financial statements.
- Comparative analysis of the remuneration of executive directors.
- Calculation of the annual variable remuneration of executive directors for their performance in financial year 2020 based on a report on target achievement evaluation prepared by an independent external adviser.
- Report to the Board of Directors regarding confirmation of eligibility for the delivery of shares corresponding to the second tranche of the payment of the *2017-2019 Strategic Bonus*.



- Proposed fixed remuneration of executive and non-executive directors for 2021.
- Parameters for calculation of the annual variable remuneration of executive directors for their performance in 2021.
- Proposed calculation of payments under the contract with the Business CEO.
- Monitoring of the latest remuneration trends and best practices.

Senior management remuneration

- Report on proposed changes in contracts with senior management.
- Report on the proposed benchmark objectives for the 2021 variable remuneration.
- Verification of compliance with the objectives for financial year 2020 and calculation of the variable remuneration of the members of senior management.
- Report on the fixed remuneration of senior management for financial year 2021.

Other activities

- Verification of the information on remuneration published on the corporate website.
- Monitoring of the evolution of general remuneration schemes, as well as of incentive plans and pension supplements for the Group's workforce.

Priorities for 2022

- Monitoring of the latest remuneration trends and best practices.
- Continuous improvement of the *Annual Director Remuneration Report*.

6.C Appearances

The chairman & CEO, the Director of Purchasing and Insurance, as well as the heads or executives of the following areas have been invited on particular occasions:

- Corporate Governance
- Planning and Management of the Office of the Secretary of the Board of Directors
- Human Resources, General Services and Corporate Security
- Global Tax
- Digital Channels – Webmaster
- Insurance

Various external advisers have also appeared before the Committee.

[Link to the Regulations of the Remuneration Committee](#)









07. Sustainable Development Committee

“During financial year 2021, the Committee supervised the development of the new Climate Action Plan as a new area within its purview. In addition, it focused on the challenges arising from the statement of non-financial information, in line with the requirements of the regulator and of investors”.

– Sara de la Rica Goiricelaya
(chair of the Sustainable Development Committee)

7.A Composition and attendance

Name		Position	Type	First Appointment
Sara de la Rica Goiricelaya		Chair	Independent	2019
Nicola Mary Brewer		Member	Independent	2020
Isabel García Tejerina		Member	Independent	2021
Fernando Bautista Sagüés		Non-director secretary		

Ms Isabel García Tejerina was appointed as a member of the Sustainable Development Committee on 16 December 2021 to fill the vacancy left by the resignation of Ms Samantha Barber.

During financial year 2021, the Sustainable Development Committee held ten meetings, with all of its members attending each of such meetings.

7.B Key issues

Sustainable development

- Report on the proposed *Statement of Non-Financial Information. Sustainability Report 2020*.
- Report on the proposed *Integrated Report. February 2021*.
- Report on the proposed *Diversity and Inclusion Report 2020*.
- Monitoring of the level of contribution of the Iberdrola group to the achievement of the SDGs and review of the level of implementation of the *2020-2022 Sustainable Development Plan*.
- Monitoring of the preparation of the Climate Action Plan and of climate governance

instruments, including supervision of the Group's greenhouse gas emission reduction targets and its leading position in the industry.

- Monitoring of work on the circular economy and climate governance.
- Monitoring of the main regulatory developments in the European Union in connection with the *Sustainable Financing Plan* and the European Taxonomy of sustainable activities.
- Model for relations with various Stakeholders and analysis of their expectations, with a special focus on sustainability components in connection with suppliers.
- Monitoring of activities in the area of employment (satisfaction, diversity, integrity, non-discrimination, equality, reconciliation, accessibility and mobility).
- Analysis of elements for systematic measurement of and tools for measuring corporate social responsibility.
- Supervision of the implementation of the Stakeholder Policy.
- Acknowledgement of information regarding Stakeholder expectations.

Corporate reputation

- Analysis of activities with an impact on corporate reputation, brand and other intangible assets.
- Update of the *Manual on Reputational Crisis Event Procedures and Significant Issues for Institutional Investors*.
- Oversight of corporate social responsibility and corporate reputation activities by the foundations.
- Monitoring of elements having reputational significance.

Corporate governance and compliance

- Monitoring compliance with the annual activity plan of the Compliance Unit and of the annual evaluation of the crime prevention programmes.
- Annual report on the effectiveness of the Compliance System designed by the Compliance Unit.
- Budget for financial year 2022 and annual activity plan of the Compliance Unit for that financial year.
- Report on the proposed *Annual Corporate Governance Report 2020*.
- Monitoring of corporate governance practices.
- Verification of the sufficiency and adequacy of the corporate governance and sustainable development information published on the corporate website.
- Monitoring of significant legal proceedings within the scope of the Committee's duties and reporting on pending cases.
- Monitoring of legal proceedings with an impact on reputation
- Monitoring of the structure of the compliance function at the Group's foundations.

New duties assigned to the Committee during financial year 2021

- In connection with the Climate Action Plan: i) report to the Board of Directors, prior to approval thereof, on the Climate Action Plan to achieve greenhouse gas emission neutrality, as well as monitor and review the level of progress and subsequent updates thereof; and ii)

include mention thereof in the *Statement of Non-Financial Information. Sustainability Report* regarding the level of implementation of the Climate Action Plan and of any updates thereof after a report from the Committee.

- In connection with Compliance: i) approve the objectives of the Company's Director of Compliance; and ii) issue, on an annual basis, an opinion on compliance with the annual activity plan of the Compliance Unit and on the performance of the Company's Director of Compliance.

Priorities for 2022

- Monitoring of reputational risks and analysis of alert mechanisms.
- Analysis of the latest ESG trends, especially in connection with the financial impact of climate change on the Iberdrola group, the need to continue promoting diversity and transparency in reporting.
- Monitoring of international trends in the area of corporate reputation.
- Analysis of due diligence regulations in the area of human rights.

7.C Appearances

The Director of Corporate Social Responsibility and Reputation and the Director of Compliance have regularly appeared before the Committee.

In addition, the secretary of the Board of Directors, the Director of Purchasing and Insurance, the Director of Legal Affairs, and the heads or executives of the following areas have been invited on particular occasions:

- Human Resources, General Services and Corporate Security
- Corporate Governance
- Financial, Development and Corporate Legal Services
- Global Tax
- Investor Relations and External Communication
- Stakeholder Relations and Reputation
- Executive and Talent Management
- Innovation, Sustainability and Quality
- Digital Channels – Webmaster
- Legal Services of the Businesses and Coordination
- Climate Change and Alliances
- Fundación Iberdrola España

Various external advisers have also appeared before the Committee.

[Link to the Regulations of the Sustainable Development Committee](#)





08. Training and Information Programme

Training and Information Programme

Iberdrola makes available to the directors (on the directors' website) a digital orientation programme intended to provide the new members of the Board of Directors or of its committees with the support required for them to rapidly and adequately acquaint themselves with the Company and its Group, such that they can actively perform their duties as from their appointment.

Moreover, a training and information programme is offered, which dealt with the following issues at different meetings of the governance bodies and in documents included in the directors' website during financial year 2021.

Board of Directors	Political situation in the United Kingdom.
	Reporting on non-financial information.
	Progress of renewables projects in Spain.
	Status of the energy policy in the European Union.
	Status of the electricity market in Spain.
	Innovation in offshore energy, hydrogen and electric mobility.
Audit and Risk Supervision Committee	Political, reputational and corruption-related risks and alert mechanisms for these types of risks.
	Aspects relating to audit committees within the CNMV's annual report on corporate governance.
	Current risks of the Renewables Business.
	Transparency report on the payment of taxes.
	Cybersecurity risks and analysis of cyber-resilience capacity.
	Environmental risks and alert mechanisms for these types of risks.
	Risks of the Finance, Control and Resources Division.
	Four training sessions on cybersecurity and information technologies.
	Current risks of the Liberalised Business.
	New accounting developments.
	Current risks of the Networks Business.
	Work plan and strategy of the statutory auditor.
	Technological risks of the businesses of the Iberdrola group.
Appointments Committee	Best practices in connection with skills matrices.
	Best practices at the international level in talent attraction, retention, management and promotion, as well as programmes for training and monitoring of the management team.
Remuneration Committee	New developments under the law on long-term engagement of shareholders of listed companies in connection with director remuneration.
	International trends and benchmark practices in the area of director remuneration.
	Comparative analysis of the director remuneration policies approved at the general shareholders' meetings of the main listed companies.



Sustainable Development Committee	Structure of the compliance function at the Group's foundations.
	Non-financial information, taxonomy and metrics.
	Aspects of Spanish procedural law.
	Reporting and ESG metrics.
	CSR and biodiversity.
	Responsible People Leadership.
Training documents on the Directors' website	The European Single Electronic Format and its implications for Iberdrola, S.A.
	Next Generation EU funds.
	The foundations system of the Iberdrola group.
	Codes of ethics. Background and nature.
	Sustainable event management at Iberdrola: application of the ISO 20121 standard.
	Impact of the COVID-19 crises on the operation of management decision-making bodies at listed companies.
	Quality model of the Iberdrola group.
	A legal view of cybersecurity at Iberdrola.
	Climate Change Act and energy transition.
	Changes to the Companies Act made by Law 5/2021.
	Digital strategy and culture of the Iberdrola group.



09. Evaluation

Iberdrola's Board of Directors, led and coordinated by the Appointments Committee, annually evaluates its operation and that of its committees. In 2021 it relied on the support of PricewaterhouseCoopers Asesores de Negocio, S.L.

The evaluation process verifies compliance with Iberdrola's Governance and Sustainability System and with the law. It also includes a comparative analysis of a total of 23 domestic and international companies with best practices, using more than 60 indicators for this purpose. Moreover, the areas for improvement identified during the evaluation of the preceding financial year are monitored in the corresponding continuous improvement plan.

The process includes the evaluation of the members of the Board of Directors based on interviews held by the lead independent director with each of the non-executive directors.

The results of the evaluation show that the following critical issues were dealt with during 2021:

Composition of the governance bodies:

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

Corporate development:

- Development of a new *Procedure for Related-Party Transactions with Members of Senior Management, Delegated Related-Party Transactions and Series of Related-Party Transactions*.
- Approval of a new *Director Remuneration Policy*.

Operation:

- Specific training on issues of importance to the Board of Directors and its committees (e.g. cybersecurity, best practices in competency matrices, talent management, remuneration, etc.).
- Increased number of appearances of officers at meetings of the corporate decision-making bodies.

Environmental and social issues:

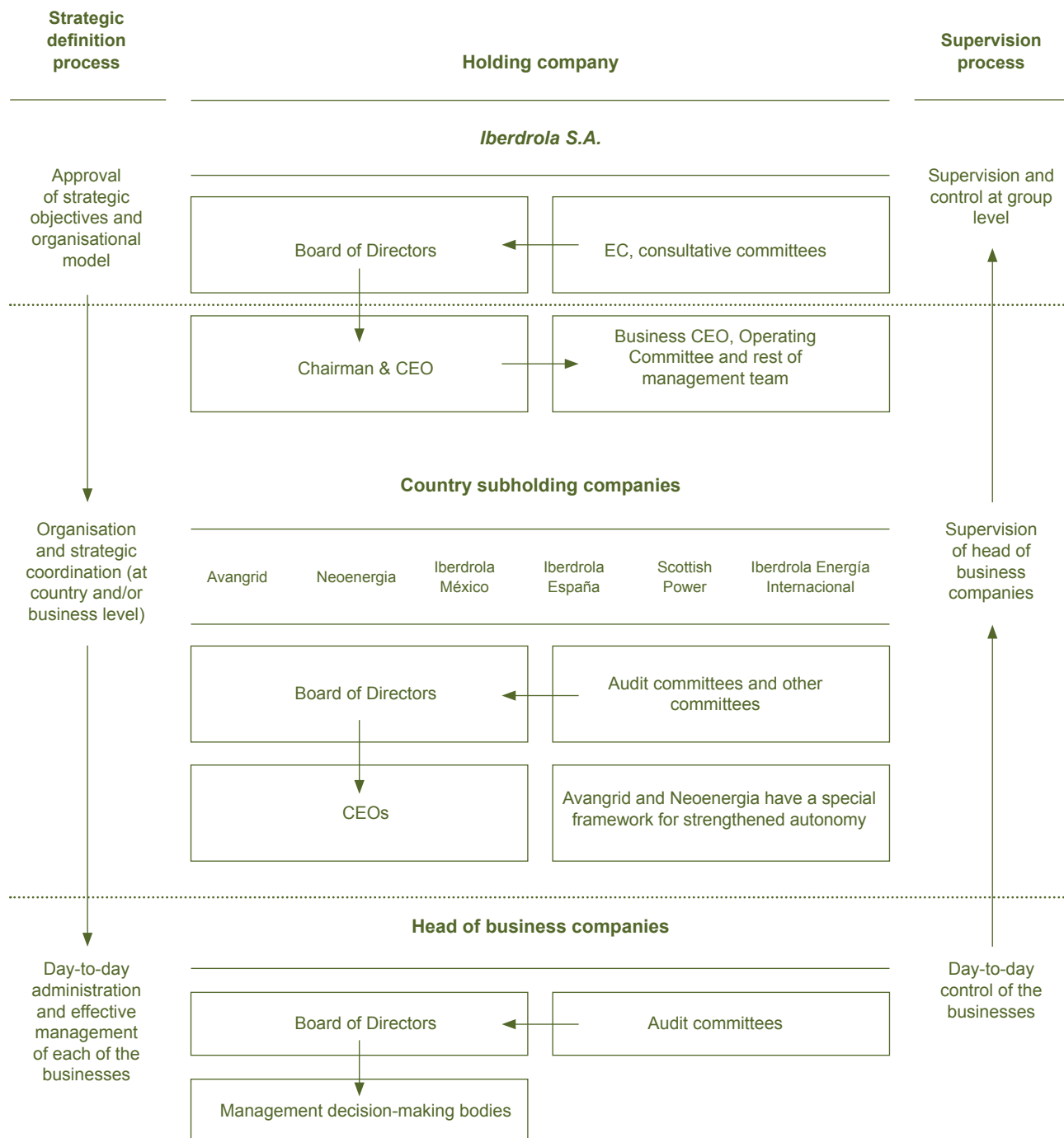
- Development and approval of a new Climate Action Plan.
- Development of a Stakeholder relations model and analysis of Stakeholder expectations, with a special focus on sustainability in connection with suppliers.
- Oversight of the implementation of the Internal Control over Non-Financial Reporting System.

During this process, no material deficiencies were identified that could adversely affect the operation of the corporate decision-making bodies. In this regard, the process concluded with a continuous improvement plan that helps further improve the operation thereof.

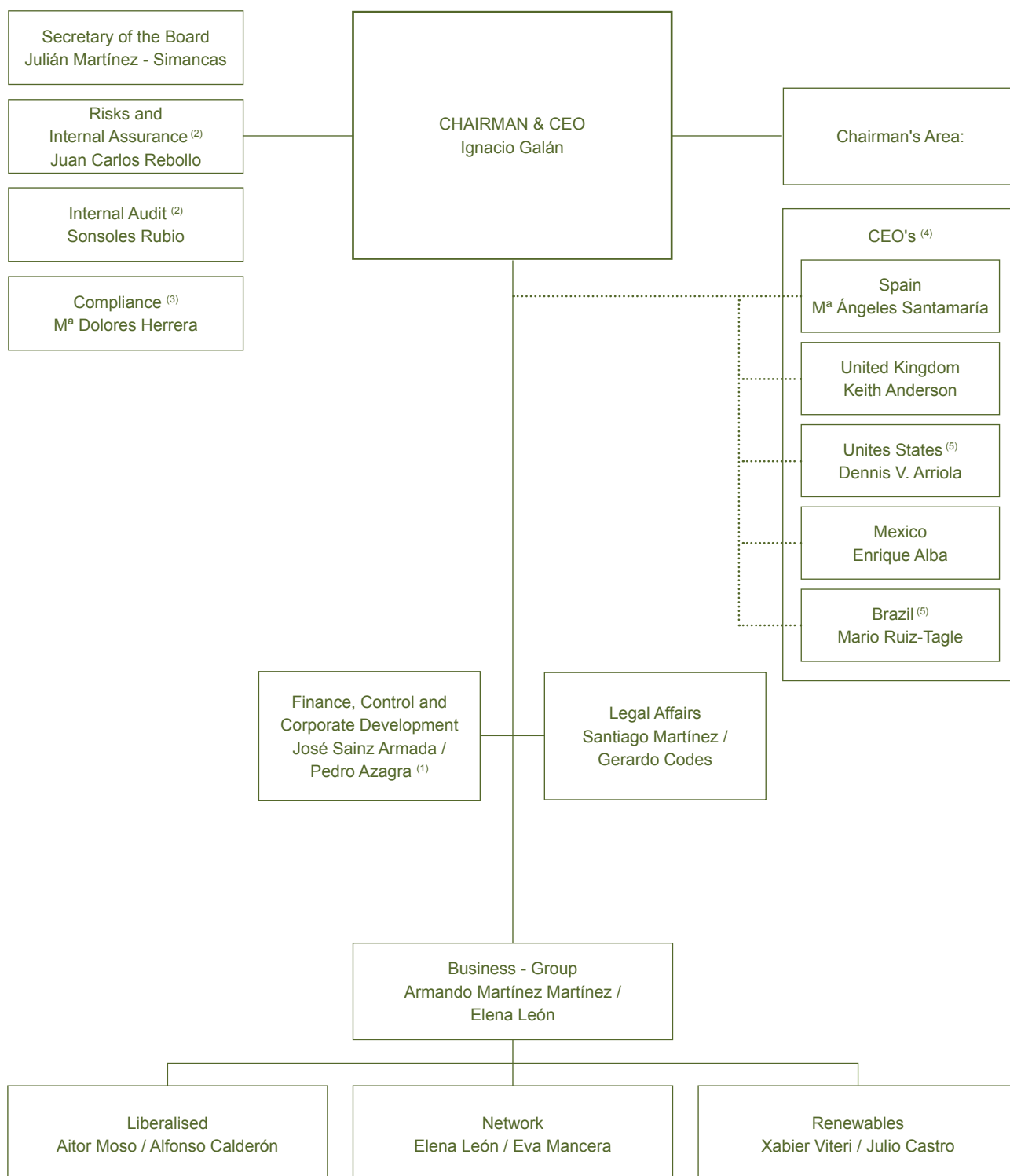
10. Annexes

10.A Corporate and governance structure.

Corporate and governance structure of the Iberdrola group



Management team



(1) Directly reporting to the Chairman & CEO in the Corporate Development function

(2) Functionally reports to the Audit and Risk Supervision Committee.

(3) Reports to the Sustainable Development Committee.

(4) Hierarchically reports to the boards of directors of the country subholding companies.

(5) With strengthened autonomy as provided by the *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation*.

10.B Shareholder engagement report

Iberdrola considers it essential to be aware of the expectations, opinions and concerns of the shareholders, and seeks to ensure their effective engagement in the Company.

The *Shareholder Engagement Policy* encourages constructive, ongoing and effective dialogue in order to favour an alignment between the interests of the shareholders and those of the Company.

This Policy was amended in 2021 to ensure that shareholders with difficulties using new technologies can participate in the General Shareholders' Meeting without being put at a disadvantage by the digitalisation thereof.

General Shareholders' Meeting

Quorum and results	<p>Iberdrola held the General Shareholders' Meeting on 18 June 2021 exclusively by remote means due to the pandemic.</p> <p>The quorum reached was 66.83% of the share capital (6.46% present in person and 59.37% represented by proxy). All proposals were approved by a large majority.</p>
Mechanisms for participation	<p>In addition to the electronic, telephone and postal channels that the Company made available to the shareholders for participation in previous years, in 2021 Iberdrola offered the ability to grant a proxy or vote using a QR code included on the cards and through WhatsApp, thus becoming the first company to offer these options for participation in the General Meeting.</p>
Sustainable meeting	<p>Since 2016, the Basque Government (through its state-owned company Ihobe) and AENOR have certified that the management of Iberdrola's General Shareholders' Meeting complies with the standards on the environmental sustainability of events in the Basque Country (Erronka Garbia) and with the ISO 20121 standard for sustainable event management, respectively.</p>
Incentives	<p>The meeting was held exclusively by remote means, due to the COVID-19 pandemic, for which reason an attendance bonus was not paid and gifts were not delivered to the attendees, as no information desks were opened. However, shareholders who granted a proxy or cast a distance vote through the corporate website prior to 10 June were entitled to participate in a draw for one hundred virtual reality headsets.</p>

Engagement of institutional investors

Presentation of results	The publication of results through live and broadcast presentations on the website was viewed by an average of 1,474 people connected remotely.
Meetings with Investors	In 2021, 561 meetings were held with 1,592 equity, fixed-income and ESG investors. In addition, the Company maintained periodic contact with analysts and rating agencies.
Roadshows and equity, fixed-income and sustainable investment presentations	60 roadshows were organised with investors from different geographic areas (Europe, North America, Asia and Australia) and the Company participated in 51 conferences during 2021.
Webinar	During 2021, a subject-specific webinar on offshore technology was delivered, with a total of 337 analysts and investors attending remotely.
Corporate governance roadshows	<p>Roadshows were held with proxy advisors and institutional investors located in Belgium, France, the United Kingdom, Germany, the United States and Switzerland, among other countries, in order to present the latest developments in the area of corporate governance and the agenda for the General Shareholders' Meeting 2021. Contacts were made with institutional investors representing 30% of the share capital.</p> <p>The main issues addressed at these meetings were: (i) role of the Board of Directors in the definition of the strategy and the supervision of its implementation; (ii) management of the Company's risks, with a special focus on the potential impacts of the crisis deriving from the pandemic; (iii) risks and opportunities relating to climate change and the climate governance mechanisms adopted; (iv) composition, independence, diversity, renewal and remuneration of the Board of Directors; (v) relations with Stakeholders in local transactions; (vi) capital transactions; (viii) shareholder remuneration, and (viii) corporate reputation.</p>

Engagement of retail shareholders

Shareholder's Office	The shareholder telephone line received more than 13,000 calls during 2021.
Corporate website	The shareholders and investors section of the corporate website had approximately 800,000 visits (representing 4% of the total number of visits received by the website) by more than 290,000 users.
Investor Relations App	Improvements were made to the app leading to almost 1,000 new subscriptions in 6 months, vis-à-vis 150 during the first half of the year. Since its establishment in 2013 the app has more than 31,500 users, and it received 39,946 visits during 2021.
OLS Shareholders' Club	More than 1,700 shareholders participated in in-person and remote activities. At year-end 2021, OLS Shareholders' Club had a total of 37,791 registered shareholders (almost a fivefold increase over 2020). In 2021 there were 44,932 visits to the pages of this section and 69 questions from shareholders.
Information campaigns	Three vigorous information campaigns were carried out on national and local media to provide information on the General Shareholders' Meeting and on the two editions of the "Iberdrola Retribución Flexible" optional dividend programme. Direct information campaigns were also targeted at those shareholders who have authorised us to contact them.
Engagement campaigns	Iberdrola continues to conduct campaigns to encourage shareholder engagement not only during the General Shareholders' Meeting but also throughout the year.
Audiovisual platform (TV channel) for Shareholders	A new development aimed at keeping the shareholders informed and updated was the launch of " Iberdrola Shareholder NEWS ", a platform offering audiovisual content about the company on various media: TV, mobile devices, tablets and website. The platform makes available to the shareholders information on topical, financial and energy-related issues and on the Group's social commitment. It also includes the chairman's messages. It is an interactive platform, and events can be followed live. This platform is only accessible by duly registered shareholders.

10.C Report of the Audit and Risk Supervision Committee on the independence of the statutory auditor

A. Introduction

Pursuant to Section 529 *quaterdecies*, subsection 4.f) of the restated text of the Companies Act (*Ley de Sociedades de Capital*), approved by *Royal Legislative Decree 1/2010 of 2 July* (the “**Companies Act**”), listed companies shall annually issue (prior to the audit report) a report containing an opinion on whether the independence of the auditors is compromised. This report shall contain a reasoned assessment of the provision of non-audit services by the statutory auditor, in relation to the rules on independence or the legal provisions governing the performance of statutory audits.

This duty is also provided for in the Governance and Sustainability System of “Iberdrola, S.A.” (“**Iberdrola**” or the “**Company**”) and, in particular, in the *Statutory Auditor Contracting and Relations Policy*, which includes the recommendations of *Technical Guide 3/2017 on audit committees at public-interest entities* of the National Securities Market Commission.

In addition, recommendation 6.a) of the *Good Governance Code of Listed Companies* establishes the advisability of said companies publishing the aforementioned independence report on their website sufficiently in advance of the annual general shareholders’ meeting.

At the General Shareholders’ Meeting of the Company held on 2 April 2020, the shareholders resolved, at the request of the Board of Directors and upon a prior proposal of the Audit and Risk Supervision Committee (the “**Committee**”), to re-elect “KPMG Auditores, S.L.” (“**KPMG Auditores**” or the “**Statutory Auditor**”) as auditor of the annual financial statements of the Company and its consolidated group for financial years 2020 and 2021.

In consideration of all of the foregoing, the Committee hereby issues this report expressing its opinion on the independence of the Statutory Auditor of the Company and its consolidated group during financial year 2021.

B. Scope and activities carried out

In preparing this report, the Committee has analysed the following information:

I. Written statement of the Statutory Auditor confirming its independence

Pursuant to Section 529 *quaterdecies*, subsection 4.e) of the *Companies Act*, Iberdrola must annually receive from the Statutory Auditor a statement of its independence with respect to the entities connected to the Company. KPMG must also provide detailed and itemised information regarding any kind of additional services provided to the Iberdrola group, including the fees received (both by KPMG Auditores and by the persons or entities connected thereto), pursuant to the legal provisions governing the performance of statutory audits.

In compliance with the foregoing, on 21 February 2022 the Statutory Auditor of the Company and its consolidated group sent a letter to the Committee (the “**Statement of Independence of KPMG**”) stating as follows:

“The team in charge of the audit, KPMG Auditores, S.L. and, if applicable, other persons belonging to the audit firm and, where appropriate, other firms belonging to the network, with the coverage

applicable thereto, have complied with applicable independence requirements provided in the Statutory Audit Act (Ley de Auditoría de Cuentas) (LAC) and in Regulation (EU) no 537/2014 of 16 April.”

II. Relations with the Statutory Auditor

During financial year 2021, KPMG appeared on 13 occasions before the Committee and on one occasion before the Board of Directors in order to report on issues relating to the statutory audit and, specifically, on the items set forth below:

1. At the Committee meeting held on 17 February 2021, it submitted the preliminary results of the review of the financial statements for financial year 2020.
2. At the meeting held on 22 February 2021: (i) it delivered and explained to the committee the draft audit reports on the individual annual financial statements of Iberdrola and the consolidated annual financial statements of Iberdrola and its subsidiaries; (ii) it reported on the additional report that the auditor must send to the Committee pursuant to Article 11 of *Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC* (the “**Additional Report of the Auditor**” and “**Regulation 537/2014**”, respectively) and to Section 36 of *Law 22/2015 of 20 July on Audit of Accounts* (the “**Statutory Audit Act**”); and (iii) it reported on the presentation that KPMG Auditores would make before the Board of Directors the following day regarding the audit opinion and significant issues occurring during financial year 2020.
3. As a consequence of the assumption by the Committee of the duties falling with the purview of the audit committee of “Iberdrola Finanzas, S.A.” (Sociedad Unipersonal) (“**Iberdrola Finanzas**”), of “Iberdrola International, B.V.” (“**Iberdrola International**”) and of “Iberdrola Finance Ireland DAC” (“**Iberdrola Finance Ireland**”, and the latter, together with Iberdrola Finanzas and Iberdrola International, the “**Financial Companies**”), at the meeting held on 29 March 2021 KPMG Auditores: (i) reported on the results of the audit of the financial information of said companies; and (ii) submitted the additional reports that KPMG Auditores must provide to the Audit and Risk Supervision Committee pursuant to Article 11 of *Regulation 537/2014* and the domestic legal provisions applicable to Iberdrola International and Iberdrola Finance Ireland.
4. At the meeting held on 16 June 2021, it submitted the internal control recommendations resulting from the audit of the Company’s financial statements for financial year 2020.
5. At the Committee meeting held on 13 July 2021: (i) it submitted the preliminary results of the limited review of the financial statements for the first half of the financial year; and (ii) it reported on the most significant recent accounting developments.
6. At the meeting of 19 July 2021, it submitted its analysis of the limited review of Iberdrola’s individual and consolidated financial statements for the first half of 2021.
7. At the meeting held on 15 November 2021, it submitted its work plan and strategy for the audit of the financial statements of Iberdrola and its group for financial year 2022, as well as those of the Financial Companies.
8. Finally, at the meeting of 15 December 2021: (i) it submitted the preliminary results of the review

of the financial statements for financial year 2021, and (ii) it provided updated information on the level of progress in improvements to the significant internal control deficiencies reported to the Committee at its meeting of 16 June 2021.

It is stated for the record that during these meetings the Statutory Auditor did not report any issues that might have put its independence at risk.

Furthermore, in accordance with recommendation 42.2 d) of the *Good Governance Code of Listed Companies*, KPMG Auditores appeared before the Company's Board of Directors on 22 February 2022 in order to report on: (i) the audit opinion; (ii) the report on independence of the auditor; (iii) the audit work performed; and (iv) the draft audit report, all of the foregoing in relation to the annual financial statements of the Company for financial year 2021.

III. Protection measures to detect threats to independence

In the Statement of Independence of KPMG Auditores, the Statutory Auditor states as follows:

"Our Firm has implemented policies and internal procedures designed, as described in section 7 of the Transparency Report for financial year 2021 of KPMG Auditores, S.L., available at <https://home.kpmg/es/es/home/servicios/audit/informe-de-transparencia.html>, to provide you with reasonable assurance that KPMG Auditores, S.L. and its personnel and, if applicable, other persons subject to independence requirements (including personnel at the firms of the network) maintain their independence when so required by applicable legal provisions. These procedures include those aimed at identifying and assessing threats that may arise from circumstances related to audited entities, including those that may entail grounds for disqualification and/or those that may require the application of protection measures needed to reduce threats to an acceptably low level."

IV. Other non-audit services provided and fees

In accordance with the provisions of Section 529 *quaterdecies*, subsection 4.f) of the *Companies Act*, in the Statement of Independence of KPMG, the Statutory Auditor reports the following fees billed to the Company and its group in 2021:

In thousands of euros	Iberdrola, S.A.	Subsidiaries	Total (Iberdrola group)	Other entities ⁶	TOTAL
Audit services	3,499	19,422	22,921	342	23,263
Other audit related services	1,414	2,338	3,752	34	3,786
Total audit and related services	4,913	21,760	26,673	376	27,049
Tax services	0	0	0	2	2
Other services	99	10	109	282	391
Total professional services	5,012	21,770	26,782	660	27,442

⁶ Other entities connected to Iberdrola by a relationship of significant influence without a control relationship.

V. Audit services

Fees for audit services come to the sum of €22,921 thousand and cover the statutory audit of the financial statements of Iberdrola and its group for financial year 2021.

In compliance with the provisions of Section 24.1 of the *Statutory Audit Act*, it is stated for the record that these fees are not influenced or determined by the provision of additional services to the Iberdrola group, are not contingent in nature, and are not based on conditions other than changes in the circumstances used as a basis for setting them.

The re-election of KPMG Auditores as statutory auditor of the Company and its consolidated group for financial years 2020 and 2021 was approved prior to the commencement of performance of its duties as such, upon a prior proposal of the Committee made at its meeting of 19 February 2020 and approved by Iberdrola's Board of Directors on 24 February 2020.

VI. Audit-related services

The fees for the provision of services related to the audit of the Iberdrola group come to the sum of €3,752 thousand. A breakdown of the services provided and the respective fees, included as an annex to the Statement of Independence of KPMG Auditores, is provided below:

1. €1,186 thousand correspond to the limited review of the half-yearly financial statements of the Iberdrola group.
2. €8 thousand correspond to the preparation of a report on procedures regarding the liquidity situation of the Iberdrola group for the offshore wind farm located at Wikinger.
3. €80 thousand, €70 thousand and €70 thousand are for the preparation of several comfort letters for Iberdrola: (i) in relation to a hybrid bond issue in January 2021; (ii) in relation to a hybrid bond issue in November 2021; and (iii) in relation to the update of an issue.
4. €173 thousand, €121 thousand and €115 thousand are for the performance of regulatory audits for "i-DE Redes Eléctricas Inteligentes, S.A." (Sociedad Unipersonal) ("**I-DE**") regarding, respectively: (i) the inventory of facilities in operation prior to 1 January 2021; (ii) the facilities placed into service during financial year 2020; and (iii) the forms required by *Circular 4/2015* of the National Markets and Competition Commission (*Comisión Nacional de los Mercados y de la Competencia*) ("**CNMC**").
5. €27 thousand are for the provision of the following services to "Conquense Distribución Eléctrica, S.A." (Sociedad Unipersonal) ("**Conquense Distribución Eléctrica**") (each of them in the amount of €9 thousand): (i) regulatory audit regarding the inventory of facilities in operation prior to 1 January 2021; (ii) regulatory audit regarding the facilities placed into service during financial year 2020; and (iii) regulatory audit regarding the forms required by *Circular 4/2015* of the CNMC.
6. €27 thousand are for the provision of the following services to "Anselmo León Distribución, S.L." (Sociedad Unipersonal) ("**Anselmo León Distribución**") (each of them in the amount of €9 thousand): (i) regulatory audit regarding the inventory of facilities in operation prior to 1 January 2021; (ii) regulatory audit regarding the facilities placed into service during financial year 2020; and (iii) regulatory audit regarding the forms required by *Circular 4/2015* of the CNMC.

7. €8 thousand are related to the issuance of a report on approved procedures regarding corporate services billed to the subsidiaries of “Iberdrola Renovables Energía, S.A.” (Sociedad Unipersonal) (“**Iberdrola Renovables Energía**”).
8. €20 thousand, €35 thousand and €20 thousand are for the preparation of comfort letters: (i) for the update of a bond issue programme, for “Iberdrola Finanzas, S.A.” (Sociedad Unipersonal) (“**Iberdrola Finanzas**”); (ii) within the framework of a hybrid bond issue, for “Iberdrola International, B.V.” (“**Iberdrola International**”); and for the update of an issue, for Iberdrola Finanzas.
9. €95 thousand are for the verification of certain tax information for the company “C. Rokas Industrial Commercial Company, S.A.” and its subsidiaries.
10. €44 thousand correspond to the preparation of an audit report on the regulatory financial statements for financial year 2020, prepared in accordance with the standards established by the Italian regulator *Autorità di Regolazione per Energia Reti e Ambiente* (“**ARERA**”), for “Iberdrola Clienti Italia, S.R.L.” (“**Iberdrola Clienti**”).
11. €65 thousand derive from the performance of an audit of general system charges at Iberdrola Clienti, pursuant to Article 3 of ARERA’s *Resolution 32/2021*.
12. €10 thousand correspond to the issuance of capital reduction and increase reports required by French law for “Iberdrola Renovables France, S.A.S.” and its subsidiary “Ailes Marines, S.A.S.”.
13. €16 thousand derive from the preparation of a report on approved procedures regarding the certification of non-payment of usage charges for “Iberdrola Energie France, S.A.S.”.
14. €6 thousand are for the preparation of a report on the compliance plan submitted to the Australian securities market regulator, *Australian Securities & Investments Commission* (“**ASIC**”), for “Infigen Energy, Trust”.
15. €6 thousand derive from the preparation of a report submitted to the Australian financial services regulator *Australian Financial Services License* (“**ASFL**”) regarding financial statements and internal control, for “Iberdrola Australia Energy Markets PTY, Ltd.” (formerly known as “Infigen Energy Markets PTY, Ltd.”) and for “Iberdrola Australia RE, Ltd.” (formerly known as “Infigen Energy RE, Ltd.”).
16. €10 thousand are for the preparation of reports regarding compliance with the requirements established by domestic regulations and the requirements under a loan agreement, for “Lake Bonney Wind Power PTY, Ltd.”, for “Lake Bonney BESS PTY, Ltd.” and for “Bodangora Wind Farm PTY, Ltd.”.
17. €13 thousand correspond to the preparation of a report on procedures relating to corporate services billed to the subsidiaries of “Iberdrola Renovables Internacional, S.A.” (Sociedad Unipersonal) (“**Iberdrola Renovables Internacional**”).
18. €141 thousand correspond to the verification of certain tax information for financial year 2020. Service provided to “Iberdrola México, S.A. de C.V.” (“**Iberdrola México**”) and its subsidiaries.

19. €20 thousand are for the regulatory audit of electricity distribution assets, prepared for the British regulator, the Office of the Gas and Electricity Markets ("**Ofgem**"), for "SP Manweb, Plc.", "SP Transmission, Plc." and "SP Distribution, Plc.".
20. €14 thousand derive from the preparation of regulatory audit reports on Client Assets Sourcebook (CASS) for Ofgem. Service provided to "Scottish Power Energy Management (Agency), Ltd.".
21. €28 thousand are for the audit of the segmented consolidated statements of "Scottish Power UK, Plc." required by Ofgem.
22. €55 thousand correspond to the attestation issued in connection with a green bond issue completed in April 2021 for "Avangrid, Inc." ("**Avangrid**").
23. €157 thousand correspond to the preparation of a comfort letter and a consent letter within the framework of the debt issue by "New York State Electric & Gas Corporation" ("**NYSEG**"), including, if applicable, a limited review of the interim financial statements of NYSEG.
24. €122 thousand are for the issuance of a comfort letter for Avangrid within the framework of a debt issue.
25. €212 thousand correspond to the performance of a regulatory audit for Avangrid to comply with the standards set by the U.S. regulator, the Federal Energy Regulatory Commission ("**FERC**").
26. €254 thousand correspond to the preparation for Avangrid of a report assessing the process of migration to the SAP system carried out by said entity.
27. €16 thousand correspond to the extended coverage of audit procedures for the migration of the access management system at Avangrid.
28. €297 thousand derive from the preparation of a comfort letter and a consent letter for Avangrid in connection with the registration form and the associated offering within the framework of a bond issue.
29. Renewal of the annual subscription to the financial information disclosure services (Automated Disclosure Checklist) of the statutory auditor. Service provided without charge to Avangrid and to "El Cabo Wind, LLC", "Patriot Wind TE HoldCo, LLC" and "Aeolus Wind Power VII, LLC".
30. €2 thousand correspond to the issuance of a special report for "Iberdrola RE, S.A." pursuant to the instructions issued by the Luxembourg securities market regulator *Commisariat aux Assurances* in its *Circular 9/02*, in order to comply with prudential supervision requirements.
31. €6 thousand derive from the preparation of a report for Neoenergia, S.A. ("**Neoenergia**") and its subsidiaries on the estimated cash flow procedure in connection with the distribution of dividends.
32. €52 thousand are related to the audit of the regulatory financial statements of Neoenergia and its subsidiaries for financial years 2020 and 2021.
33. €29 thousand derive from the performance of an asset control audit for financial years 2020 and 2021 at Neoenergia and its subsidiaries.

34. €18 thousand are for the preparation of reports on financial ratios in 2020 and 2021 for Neoenergia and its subsidiaries.
35. €104 thousand derive from the limited quarterly review of the financial statements of Neoenergia and its subsidiaries.

The Committee has been informed of the foregoing engagements by the Statutory Auditor, and when deemed justified, it has approved the provision by KPMG Auditores of those services for which the prior approval of the Committee was required pursuant to the standards adopted by this body and the legal provisions governing auditing activities.

Furthermore, in those cases in which the provision of services other than the statutory audit, but related to this activity, to a group company other than Iberdrola was requested, the audit committee and the internal audit division of the company receiving the services also stated, when applicable, that the provision of said services did not give rise to threats to the independence of the auditor.

Finally, in the Statement of Independence of KPMG Auditores, the Statutory Auditor states as follows in relation to the provision of said services distinct from auditing but related thereto:

1. *"We do not participate in the decision-making process of the entities purchasing the services".*
2. *"These are not services prohibited by Article 5.1 of the REU, which applies to entities connected by a control relationship in the EU. With regard to the services provided to connected entities without a control relationship, as the prohibitions of Article 5.1 or Article 5.5 of the REU do not apply (depending on whether they are provided to entities inside or outside the European Union, respectively), the analysis of threats and safeguards has been carried out on the basis of the coverage established in Sections 14 and 15 of the LAC".*
3. *"Based on the content and regulation of the services, no threat to the independence of the auditors is identified".*

VII. Tax services

During financial year 2021, the Statutory Auditor provided tax advice services to an entity without a control relationship and domiciled in Spain, in the amount of €2 thousand. The Statutory Auditor states as follows in connection with these services:

1. *"We do not participate in the decision-making process of the audited entity".*
2. *"Taking into account that the interest held by the audited entity in this entity does not exceed the relative materiality levels established by the statutory auditor to perform its work, the connection is not considered to be significant".*
3. *"To the extent that our work consists in providing advice to the entity on general matters always from a tax perspective, that it does not depend on accounting treatment, and that it is not intended to be used as a basis for the preparation of the financial statements and other accounting documents, no significant self-review threat is identified". Moreover, in addition to the statements included in the preceding paragraph, it should be considered in assessing this threat that the result of our advice only affects the connected entity, and that neither such entity, nor the financial statements of the purchasing entity, nor the accounting documents used as a basis for preparation thereof are reviewed within the context of the audit of Iberdrola, S.A."*

VIII. Other services

During financial year 2021 the Statutory Auditor provided services other than those listed above:

1. Independent review of the non-financial information included in the Statement of Non-Financial Information for financial year 2020 under International Standard on Assurance Engagements 3000 (**"ISAE 3000"**) for Iberdrola, in the amount of €99,462. In its Statement of Independence, the Statutory Auditor states as follows in connection with the provision of this service:
 - a. *"These are not services prohibited by Article 5.1 of the REU".*
 - b. *"We do not participate in the decision-making process of the entity purchasing the service".*
 - c. *"To the extent that our work consists in the preparation of an assurance report, based on the standards described in International Standard on Assurance Engagements (ISAE) 3000 and the Action Guidelines regarding engagements for assurance of the Statement of Non-Financial Information prepared by Spain's Institute of Certified Auditors (Instituto de Censores Jurados de Cuentas de España) (ICJCE), as regards the non-financial indicators of the SNFI, which are not included within the scope of the audit work and are not intended to be used as a basis for preparation of the financial statements and other accounting documents, no significant self-review threat is identified."*
2. Accounting training services provided to Avangrid. In this regard, the Statutory Auditor states that:
 - a. *"These are not services prohibited by Article 5.5 of the REU".*
 - b. *"We do not participate in the decision-making process of the audited entity".*
 - c. *"To the extent that our service consists in the provision of entirely generic training on applicable legal provisions in force and does not include the preparation of accounting records, of the financial statements or of projections, forecasts or assessments, no significant self-review threat is identified".*
3. Service consisting in the independent review of the Sustainability Report 2020 based on the "AA1000" Sustainability Assurance Standard and the Global Reporting Initiative standards, provided to Neoenergia in the amount of €9,718. In this regard, the Statutory Auditor has confirmed that:
 - a. *"These are not services prohibited by Article 5.5 of the REU".*
 - b. *"We do not participate in the decision-making process of the entity purchasing the service".*
 - c. *"To the extent that our work is based on the review of non-financial indicators that are not included within the scope of the audit work and are not intended to be used as a basis for preparation of the financial statements and other accounting documents, no self-review threat is identified".*
4. Advisory service regarding the provisions contained in the International Financial Reporting Standards, provided to a connected entity without a control relationship and domiciled in Spain, in the amount of €194,000. In its Statement of Independence, KPMG Auditores states as follows in this regard:

- a. *“As the prohibitions of Article 5.1 of the REU do not apply, the analysis of threats and safeguards has been carried out on the basis of the coverage established in Sections 14 and 15 of the LAC”.*
 - b. *“We do not participate in the decision-making process of the audited entity”.*
 - c. *“To the extent that the interest held by Iberdrola S.A. in the purchasing entity does not exceed the relative materiality levels established by the statutory auditor to perform its work, and as it is considered that the connection is not significant and that the potential impact of the provision of advice regarding the financial statements of the audited entity would therefore not be significant in terms of relative materiality, no significant self-review threat is identified. Moreover, in assessing this threat, it should be taken into account that neither the financial statements of the purchasing entity nor the accounting documents used as a basis for preparation thereof are reviewed within the context of the audit of Iberdrola, S.A., with the purchasing entity being audited by a firm other than KPMG, which is responsible for the appropriate accounting treatment and submission of its financial information in accordance with the IFRS”.*
5. Advisory service regarding the initial listing on the NASDAQ trading index, provided to a connected entity without a control relationship and domiciled in the Netherlands, in the amount of €26,500. In this regard, KPMG Auditores states as follows:
- a. *“We do not participate in the decision-making process of the audited entity”.*
 - b. *“Taking into account that the interest held by the audited entity in this entity does not exceed the relative materiality levels established by the statutory auditor to perform its work, the connection is not considered to be significant”.*
 - c. *“To the extent that our work consists in identifying the requirements of the Securities and Exchange Commission (‘SEC’) and best practices in the process of initial listing on NASDAQ, without our advice resulting in any kind of information intended to be used as a basis for preparation of the financial statements and other accounting documents of the audited entity, no significant self-review threat is identified. Moreover, it should be considered in assessing this threat that the result of our advice only affects the connected entity, and that neither such entity, nor the financial statements of the purchasing entity, nor the accounting documents used as a basis for preparation thereof are reviewed within the context of the audit of Iberdrola”.*
6. Advisory service regarding allocation of the purchase price of a target, provided to a connected entity without a control relationship and domiciled in Spain, in the amount of €18,000. The Statutory Auditor states as follows in connection with this service:
- a. *“As the prohibitions of Article 5.1 of the REU do not apply, the analysis of threats and safeguards has been carried out on the basis of the coverage established in Sections 14 and 15 of the LAC”.*
 - b. *“We do not participate in the decision-making process of the audited entity”.*
 - c. *“Taking into account that the interest held by the audited entity in this entity does not exceed the relative materiality levels established by the statutory auditor to perform its work, the connection between them is not considered to be significant”.*

- d. *“To the extent that our work consists in providing advice to the purchasing entity regarding the allocation of the price paid to the various assets and liabilities acquired, with the decision and the price offered for the potential acquisition being determined by the Management of the purchasing entity upon the advice of an investment bank, and taking into account that the service does not have a direct or significant indirect impact on the audited entity in terms of relative materiality and that the report that we have prepared is not intended to be used as a basis for preparation of the financial statements and other accounting documents of the audited entity, either quantitatively or qualitatively, no significant self-review threat is identified. Moreover, in addition to the statements included in the preceding paragraph, it should be considered in assessing this threat that the result of our advice only affects the connected entity, and that neither such entity, nor the financial statements of the purchasing entity, nor the accounting documents used as a basis for preparation thereof are reviewed within the context of the audit of Iberdrola”.*
7. Regulatory advice services in connection with the requirements set out in personal data protection regulations in Brazil, provided to a connected entity without a control relationship, in the amount of €21,236. KPMG Auditores states as follows:
 - a. *“As the prohibitions of Article 5.5 of the REU do not apply, the analysis of threats and safeguards has been carried out on the basis of the coverage established in Sections 14 and 15 of the LAC”.*
 - b. *“We do not participate in the decision-making process of the audited entity”.*
 - c. *“Taking into account that the interest held by the audited entity in these entities does not exceed the relative materiality levels established by the statutory auditor to perform its work, the connection between them is not considered to be significant”.*
 - d. *“To the extent that our work consists in performing a gap analysis of the current data protection situation under the requirements of the regulations in Brazil and the proposal of generic recommendations for consideration by the Company, without this in any case entailing the design of controls or of procedures relating to the systems or the financial information of the purchasing entity or of the audited entity, no significant self-review threat is identified”.*
 - e. *“Moreover, in addition to the statements included in the preceding paragraph, it should be considered in assessing this threat that the result of our advice only affects the connected entity, and that neither such entity, nor the financial statements of the purchasing entity, nor the accounting documents used as a basis for preparation thereof are reviewed within the context of the audit of Iberdrola”.*
8. Advisory service regarding the process of obtaining European funds (Next Generation EU), provided to a connected entity without a control relationship and domiciled in Spain, in the amount of €22,200. In this regard, KPMG Auditores has stated that:
 - a. *“As the prohibitions of Article 5.1 of the REU do not apply, the analysis of threats and safeguards has been carried out on the basis of the coverage established in Sections 14 and 15 of the LAC”.*
 - b. *“We do not participate in the decision-making process of the audited entity”.*

- c. *“Taking into account that the interest held by the audited entity in this entity does not exceed the relative materiality levels established by the statutory auditor to perform its work, the connection between them is not considered to be significant”.*
- d. *“To the extent that our work consists in reviewing the strategic initiatives of the purchasing entity and the degree of suitability to obtain aid based on publicly available information, and taking into account that our work does not result in any kind of financial information intended to be used as a basis for preparation of the financial statements and other accounting documents of the audited entity, either quantitatively or qualitatively, the self-review threat is not considered to be significant. Moreover, in addition to the statements included in the preceding paragraph, it should be considered in assessing this threat that the result of our advice only affects the connected entity, and that neither such entity, nor the financial statements of the purchasing entity, nor the accounting documents used as a basis for preparation thereof are reviewed within the context of the audit of Iberdrola”.*
- e. *“Given that our role in the provision of the service is that of merely technical advisers, without KPMG representing the entity before third parties or any kind of Court or Government Authority, the advocacy threat is not considered to be significant”.*

Furthermore, in connection with all of the services described in this section, KPMG Auditores has stated as follows in its statement of independence:

“As regards all of the services itemised above, to the extent that the fees are not material for either of the parties, do not have a contingent component except for a service, and there is no business relationship or common financial interest in any of the cases, we confirm that no service has been identified which, taken individually, has given rise to a significant self-interest or intimidation threat. In the case of the service provided for contingent fees, these have been evaluated and are not considered to be material in terms of relative materiality. In addition, the significance of the potential self-interest threat has been evaluated on an aggregate basis and it has also been considered not to be significant”.

It is also reported that pursuant to the provisions of Article 56.5 of the *Regulations of the Board of Directors* and Article 29.3 of the *Regulations of the Audit and Risk Supervision Committee*, these bodies may not propose the appointment of an audit firm as the Company’s statutory auditor if they have evidence that such firm is affected by any circumstance of lack of independence, prohibition or disqualification pursuant to the legal provisions governing the audit of accounts, and particularly if the total fees received for the provision of audit and non-audit services to the Company and to any other entity of the Iberdrola group by the statutory auditor or audit firm or by a member of its network during each of the last three consecutive financial years represent more than fifteen per cent of the total annual income of the statutory auditor or audit firm and of said network.

In the Statement of Independence of KPMG Auditores, the Statutory Auditor stated as follows in this regard:

“we confirm that the fees paid by the Company to KPMG Auditores, S.L. during the annual financial year ended 31 December 2021 for all items do not exceed five per cent of its total income during the annual financial year ended 30 September 2021”.

IX. Term and rotation

By application of the provisions of the *Statutory Audit Act* as regards the appointment, rotation and engagement of statutory auditors, the Board of Directors of the Company, at its meeting of 15 December 2015, after a tender led by the Audit and Risk Supervision Committee, resolved to propose to the shareholders at the General Shareholders' Meeting held on 31 March 2017 the appointment of KPMG Auditores as the statutory auditor of the annual financial statements of the Company and its consolidated group for financial years 2017 to 2019. The shareholders acting at this General Shareholders' Meeting of Iberdrola approved such appointment for said period. Furthermore, on 24 February 2020 the Board of Directors resolved to submit to the shareholders at the General Shareholders' Meeting held on 2 April 2020 the proposal of the Audit and Risk Supervision Committee to re-elect KPMG as statutory auditor of the annual financial statements of the Company and its consolidated group for financial years 2020 and 2021. This proposal was approved by the shareholders at said General Shareholders' Meeting.

As regards the audit of the annual financial statements of the Company and its consolidated group for financial year 2021, the audit report will be signed by Mr Enrique Asla García, a partner of KPMG Auditores, who has also signed the statement by the Statutory Auditor confirming its independence and will sign the Additional Report of the Auditor that KPMG Auditores will deliver to the Committee pursuant to Section 36 of the *Statutory Audit Act* and Article 11 of *Regulation 537/2014*.

X. Audit teams

In compliance with Article 29.7 of the *Regulations of the Audit and Risk Supervision Committee*, in the Statement of Independence of KPMG, the Statutory Auditor stated that *"since the date of our last statement of independence, two professionals of KPMG have been hired by Iberdrola, S.A. and one professional has been hired by Iberdrola Energía Internacional, S.A. U. (Sociedad Unipersonal)"*.

However, in the Statement of Independence of KPMG, the Statutory Auditor states the following in relation to these hirings:

"In this regard, we inform you that the professionals hired were not the lead auditors responsible for the work of auditing the Group's financial statements, did not have the status of statutory auditor, and did not participate in or have the ability to influence the final results of KPMG's audit work at Iberdrola, S.A. We therefore believe that said hirings do not violate any of the absolute prohibitions of the Statutory Audit Act or have given rise to a threat that has compromised our independence as auditors. We also inform you that we are not aware of the hiring of other professionals by significant components, which are understood as those stated in our audit plan submitted to the Audit and Risk Supervision Committee on 15 November 2021".

Taking the statements of the Statutory Auditor into consideration, the Committee believes that the aforementioned professionals joining the Iberdrola group is irrelevant for purposes of the independence of the Statutory Auditor.

Conclusion

In light of the foregoing, the Committee finds that during financial year 2021 KPMG Auditores performed its audit work with independence from Iberdrola and its consolidated group.

The Committee issues this report on independence prior to the delivery of the audit report and pursuant to the provisions of the *Companies Act*, the Governance and Sustainability System of Iberdrola and the *Good Governance Code of Listed Companies*.

10.D Report on related-party transactions with directors and significant shareholders

On 23 February 2021, the Board of Directors, after a favourable report from the Appointments Committee⁷, approved the execution of a sponsorship agreement between Iberdrola Clientes, S.A. (Sociedad Unipersonal) and Bilbao Bizkaia Kutxa, Fundación Bancaria for the promotion of general interest activities carried out within the framework of the “BBK-Klima” project, in the amount of €422,525.

Said transaction was handled in accordance with the procedure established for conflicts of interest, as the independent director Mr Xabier Sagredo Ormaza is also chair of the Board of Trustees of Bilbao Bizkaia Kutxa, Fundación Bancaria.

There is no evidence of other related-party transactions with directors, significant shareholders or their respective connected persons.

⁷ The Appointments Committee issued this report on 21 February 2021, i.e. prior to the Audit and Risk Supervision Committee taking over the powers previously assigned to the Appointments Committee in connection with related-party transactions, in line with the changes made to the *Companies Act* by *Law 5/2021 of 12 April amending the restated text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July and other financial regulations*.

