CAPITAL MARKETS & ESG DAY
9 November 2022
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Leadership in Governance and Compliance

Dolores Herrera
Chief Compliance Officer
Governance
Governance and Sustainability System

Subject to continuous **evolution and improvement** to fit the strategic context, applicable law and best practices. Committed to ESG

Several awards and recognitions received (see Exhibits I and II)

Based on our engagement with shareholders and other stakeholders, our internal rules and practices are in a continuous evolution positioning the Company at the forefront of the ESG trends.
Decentralized Governance Model (see Exhibit III)

Iberdrola governance model is efficiently organized and coordinated seeking a balance between decentralized management and exploitation of synergies.

Management and decision-making power are never centralized in a single governance body, but decentralized and shared by the subsidiaries of the group as follows:

<table>
<thead>
<tr>
<th>Iberdrola, S.A. (Holding company)</th>
<th>Responsible for the overall strategy of the Group, corporate policies, management guidelines and supervision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subholding companies (in each country)</td>
<td>Responsible for supervising and coordinating the implementation of the strategy in each country. Listed subholdings operate under strengthened autonomy</td>
</tr>
<tr>
<td>Head of Business subsidiaries</td>
<td>Responsible for implementing the business strategy and run daily operations</td>
</tr>
</tbody>
</table>

Subholding companies and Head of business companies operate independently with full respect to their corporate autonomy.
Board of Directors and Committees. Iberdrola, S.A.

Strong level of independence along with diversity of gender, skills, and nationality

- Separation of Executive Chair and CEO roles
- 71% independent members, including 2 Vice Chairs and a Lead independent director
- 43% gender diversity, meeting the target set by the Corporate Governance Code
- Continuous Board refreshment, ensuring the presence of different perspectives
- Core skills strongly represented on the Board, including industry, finance, and management expertise. Continuous training
- Five nationalities represented
- External evaluation of the governing bodies and corporate structure
- Only independent and external directors in the Committees of the Board. All chaired by independent

Committees play a fundamental role going beyond legal requirements and ensuring checks and balances
Board of Directors and Committees in subholding companies

All subholding companies have:

- Board of Directors with external and independent directors and an Audit and Compliance Committee.
- Internal Audit division and Compliance division as independent divisions reporting and bound to the Audit and Compliance Committee.

Listed subholding companies: special framework of strengthened autonomy

- High rate of independent directors (over their national legal requirements for controlled companies).
- With their own Governance and Sustainability System (consistent with Iberdrola’s one and committed to ESG standards).
- Special committee (with no presence of proprietary directors) to approve related-party transactions with Iberdrola.
- With the same committee’s structure: (i) Audit and Compliance, (ii) Remuneration and Appointments and (iii) Sustainability.
Compliance
Organization and structure

Iberdrola’s Compliance function is an independent function integrated in the Governance and Sustainability System
Compliance started with the approval of the Code of Conduct by the Board of Directors (2002)
Compliance function’s main objectives are:
➢ Promote that the company and all its professionals act in accordance with applicable law and ethical principles
➢ Prevent and mitigate the risk of improper or irregular behaviour not according to the law or the Governance and Sustainability System

The Compliance Unit:
• Incorporated by the Board of Directors of Iberdrola, S.A.
• Permanent internal body
• Bound and reporting to the Sustainable Development Committee of the Board of Directors
• With independence of action and sole responsibility in compliance matters
• With its own staff and budget

Compliance Divisions:
• Each subholding company and head of business subsidiary has its own independent compliance division
• Bound and reporting to the Audit and Compliance Committee (should it exist) or to the Board of Directors of the relevant entity
• Assuming its own responsibility in relation with any compliance matter in such entity
• Compliance Unit/Compliance divisions relationships are regulated under a “Coordination and information Protocol”

Global Budget and Resources 2021

€9.3M function budget
52 FTEs

Except otherwise stated, all data and metrics in this document refer to the group in 2021
Scope of Compliance function’s direct Responsibility

Scope of responsibility set forth by the Board of Directors:

- Code of ethics
  - Conflict of interests
  - Privacy
  - Use of company’s assets and means
  - Gifts and hospitalities
  - Confidential information
  - External activities

- Crime Prevention Programme
  - A model whose main purposes are (i) reinforce the commitment to fight against fraud, corruption and any other crime and (ii) set up the accurate controls to evidence that necessary measures to prevent and mitigate crime risk have been adopted

- Internal regulations for conduct in the securities market (market abuse)

- Separation of regulated/non regulated activities

Elements of the compliance system

1. Risk assessment
2. Regulations & risk management
3. Training & Communication
4. System monitoring and review
1. Compliance risk assessment. Risk map

- **Corporate and business managers are involved** in the process working together with compliance staff. Regular update
- **Common methodology and risk denomination** for all the group companies: “Compliance risk assessment guide”.
- Compliance risk map elaborated **in each entity** with the aim of identifying the areas or departments subject to each of the compliance risks
- **Most relevant categories** of risk:
  - Fraud and corruption
  - International sanctions
  - Competition law
  - Market abuse in the securities markets
  - Intellectual property. Business secrets
  - Labour matters
  - Consumer protection
  - Separation of business legal requirements
  - Article 31.bis of Spanish Criminal Code
2. Internal regulations & Risk management

Approved by the Board of Directors

- Code of Ethics
- Crime Prevention Policy
- Anti-corruption and anti-fraud Policy
- Internal Regulations for conduct in the Securities Markets (Iberdrola, S.A.)
- Internal regulations for the management of Inside Information (Iberdrola, S.A.)

Other Regulations

- Approved by the Compliance Unit or the relevant Compliance division
- Protocols and guidelines related to:
  - Third Parties risk
  - Sponsorships
  - Corporate transactions
  - Competition
  - Gifts and hospitalities
**2. Internal regulations & Risk management**

<table>
<thead>
<tr>
<th>THIRD PARTIES</th>
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<tbody>
<tr>
<td>• Suppliers and debtors are assessed on fraud and corruption risk:</td>
</tr>
<tr>
<td>✓ 82,626 third-parties monitored on a daily basis on compliance data bases</td>
</tr>
<tr>
<td>✓ 3,801 third-party specific due diligences carried out in 2021</td>
</tr>
<tr>
<td>• Investment and divestment projects (111 in 2021): fraud and corruption risk evaluated and assessed</td>
</tr>
<tr>
<td>• Sustainability &amp; development of suppliers (in cooperation with Purchasing Department): 1,541 selected suppliers have a robust compliance system in place</td>
</tr>
<tr>
<td>• Strengthened control measures are applied to certain “Restricted countries”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROFFESIONALS</th>
</tr>
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<tbody>
<tr>
<td>• Background checks: 236 management team background checks carried out in 2021</td>
</tr>
<tr>
<td>• Conflict of interest: 2,870 communications; in 31 cases specific preventive measures were recommended</td>
</tr>
<tr>
<td>• Gifts and hospitalities: 233 consultations</td>
</tr>
</tbody>
</table>
3. Training & communication

Essential pillars of compliance function in order to make professionals aware of internal regulations and how to behave in all their activities and tasks.
4. Monitoring and review

**ETHICAL MAILBOX**

- **Whistleblowing channels** (anonymous) are available to the professionals, suppliers and shareholders
- All communications received through the enabled channels are treated as **strictly confidential**
- Express **undertaking not to engage in any direct or indirect retaliation** against persons who have used the whistleblowing channels

**SYSTEM REVIEW**

- Compliance system of Iberdrola, S.A. and the *subholding* companies is **internally and externally audited** every year
- Most relevant **recognition and awards** have been granted to Iberdrola Compliance system (see Exhibit IV)
Exhibit I. Iberdrola’s governance awards

▪ **2022 World's Most Ethical Companies ranking** issued by Ethisphere Institute: has been qualified as **one of the most ethical companies in the world** (9th consecutive year).

▪ **2021 Bloomberg Gender-Equality Index** in recognition of its equal opportunity and gender equality policies (4th year in a row).

▪ **World Finance magazine**: recognized with the **Best Corporate Governance in Spain** (7th consecutive year).

▪ **Ethical Boardroom**: 2019 Award for Best Corporate Governance.

▪ **Capital Magazine**: Shareholder Engagement Policy awarded as **the best initiative in transparency**.

▪ The only European energy company included in the 21 editions of the **Dow Jones Sustainability Index (DJSI)**.

▪ **Transparency Report on the Tax Accountability of Ibex-35 Companies** (Fundación Compromiso y Transparencia): leading company in terms of tax transparency, among all companies on the Ibex 35.

▪ **Good Governance and Stockholders Forum**: the **Best Shareholder Approach Initiative** among all Spanish listed companies.
Exhibit II. Avangrid and Neoenergía’s governance awards

AVANGRID

- 2022 World’s Most Ethical Companies list issued by Ethisphere Institute (4th consecutive year)
- Forbes and Just Capital: one of America’s Most Just Companies (Just 100) in both 2022 and 2021
- Listed in top 100 on JUST Capital’s 2022 Workforce Equity and Mobility Ranking
- Constituent of the FTSE4 Good Index Series
- Listed on the S&P Global Clean Energy Index and selected as one of 75 global beneficiaries of the low-carbon transition with long-term growth potential & a sustainable approach
- Short listed in “Best compliance and ethics program” and “Best ESG reporting (small to mid-cap)” in the 2022 Corporate Secretary Corporate Governance Awards

NEOENERGÍA

- CONAREC Award 2022 (National Congress on Business- Customer Relations) within the category companies and utilities.
- Transparency Awards 2022, granted by National Association of Finance, Administration and Accounting Managers (ANEFAC) (2nd consecutive year)
- Included in the Sustainability Yearbook 2022 by S&P Global (2nd consecutive year)
Exhibit III. Structure chart

IBERDROLA S.A.

- Iberdrola España, S.A.U.
- Scottish Power Ltd.
- Avangrid, Inc.(1)
- Neoenergia, S.A.(2)
- Iberdrola México, S.A. de C.V.
- Iberdrola Energía Internacional, S.A.U.

Subholding companies:
- Iberdrola Renovables Energía, S.A.U.
- Scottish Power Renewables Energy Ltd.
- Avangrid Renewables, LLC
- Avangrid Networks, Inc.
- Iberdrola Renovables México, S.A. de C.V.
- Iberdrola Renovables Internacional, S.A.U.
- Iberdrola Generación México, S.A. de C.V.

Holding company:
- Iberdrola Renovables Energía, S.A.U.
- Scottish Power Renewables Energy Ltd.
- Scottish Power Networks Holding Ltd.
- Scottish Power Retail Holdings Ltd.
- Iberdrola Clients España, S.A.U.

Head of business subsidiaries:
- I-DE Redes Eléctricas Inteligentes S.A.U.

Listed subholding companies:
- Scottish Power Retail Holdings Ltd.

Notes:
1. Avangrid, Inc.: 81.50% owned by Iberdrola, S.A.
2. Neoenergia, S.A.: 50% +1 share indirectly owned by Iberdrola, S.A.
Exhibit IV. Compliance system recognitions and awards

- ISO 37011 Anti-bribery
- UNE 19601 Crime Prevention Program
- World’s Most Ethical Companies List (9 years)
- Compliance Leader Verification

International Transparency
- IBEX-35 highest rated company in the “Index of Corporate Transparency in Integrity, Compliance and Human Rights”

Expansion Awards
- 2019: finalist “Ethical initiative” and “Innovation”
- 2021: finalist “Best use of disruptive technologies in Compliance”