

Activities Report of the **Board of Directors and of the Committees** thereof / 2022



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01. Presentation



I am pleased to present the *Activities Report of the Board of Directors and of the Committees thereof* for the financial year 2022.

In a year of economic, geopolitical and social upheaval, the Board of Directors has continued its work of supervising, coordinating and defining the Company's strategy, guided by the highest standards of transparency, ethics and compliance.

A roadmap that is yielding tangible results in terms of energy independence and decarbonisation, and which is also serving as a catalyst for creating a stronger industrial fabric and more jobs of the future.

Thanks to record investments of nearly €11 billion in the last year (bringing the total over the last two decades to more than €140 billion), we have continued to grow in size and strength and to generate social progress in the dozens of countries in which we are present.

With each of the renewable energy, digitised grids, storage systems and green hydrogen projects carried out during the year, the Iberdrola Group has continued to promote a more sustainable, competitive, self-sufficient and safe energy model based on electrification, in accordance with the goals set out in the Strategic Plan 2023-2025.

All this has been possible thanks to the daily work of the 40,000 men and women who make up the Company -with nearly 4,700 professionals having been added during 2022- and the hundreds of thousands more who work with us at our thousands of suppliers, always under the guidance and direction of the Board of Directors and its committees.

The work of our governance bodies includes a focus on identifying and mitigating risks in the short, medium, and long term, preserving Iberdrola's ability to continue to be a major player in areas that are



essential for the future of new generations, like the creation of a truly sustainable economic and social model and the fight against climate change.

With the publication of this report, we reaffirm our commitment to maintaining a Governance and Sustainability System at the forefront of the best and most demanding international practices, through the constant revision and renewal thereof.

Following these principles, the Board of Directors and its committees face 2023 with a view to continuing to build a stronger and more efficient Iberdrola, to achieve an energy system that is safer and respectful of the planet, and especially to create even more value and progress for all.

Ignacio S. Galán



02. Board of Directors



The primary purpose of Board of Directors of Iberdrola, S.A. (hereinafter, the “**Company**”) is to establish, supervise and implement the overall strategy of the Company and of the companies that make up its group, which will hereinafter be referred to as the “**Group**” or the “**Iberdrola Group**”. In addition, it defines its management guidelines and formulates and continuously updates the Company’s Governance and Sustainability System so as to be at the forefront of Environmental, Social & Governance + Finance (ESG+F) issues. Furthermore, since 2021 it has approved and updated the *Climate Action Plan* (“*Mission-Zero30*” *Plan*), which is prepared with a view to achieving greenhouse gas emissions neutrality by 2040¹ and which represents an example of the Company’s firm commitment to the protection of the environment and to combating climate change, as expressly set out in the *Environmental Policy* (in effect since 2007) and in the *Climate Action Policy* (in effect since 2009).

2.A Composition and attendance

In line with 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. In turn, it 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 candidates for the Company’s board.

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 bias that might hinder the appointment of female directors is avoided, pursuant to the provisions of Sustainable Development Goal (SDG) Five.

The current composition of the Board of Directors of Iberdrola, S.A. is balanced, with a broad majority of independent directors and with remarkable professional qualifications and experience among its members, reflecting 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*, namely, to have at least 40% of female directors by the end of 2022. In this regard, the Company has had six female directors (43%) since 2021, two of whom currently chair two of the consultative committees of the Board of Directors.

The Board of Directors held a total of 11 meetings in 2022, with the attendance of all of its members.

Board of Directors Diversity and Member Selection Policy



Equality, Diversity and Inclusion Policy



¹ Emission neutrality in Scope 1 and 2 (direct and indirect emissions from network losses and own consumption) by 2030 and net zero emissions by 2040 for Scope 3 (other indirect emissions over which the Group has no direct control or influence).



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.

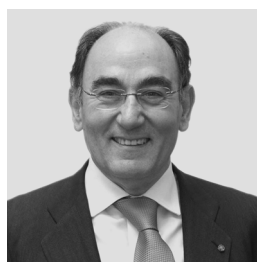
(I) Member of the Executive Committee

(II) Member of the Audit and Risk Supervision Committee

(III) Member of the Appointments Committee

(IV) Member of the Remuneration Committee

(V) Member of the Sustainable Development Committee



José Ignacio Sánchez Galán (I)

Chairman

Type: Executive

Year of first appointment: 2001

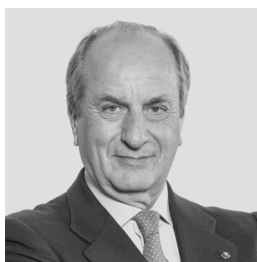


Armando Martínez Martínez (I)

Chief Executive Officer

Type: Executive

Year of first appointment: 2022

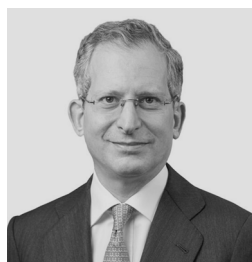


Juan Manuel González Serna (I) (IV)

First vice-chair and lead independent director

Type: Independent

Year of first appointment: 2017



Anthony L. Gardner (I) (III)

Second vice-chair

Type: Independent

Year of first appointment: 2018



Íñigo Víctor de Oriol Ibarra (IV)

Type: Other external²

Year of first appointment: 2006



María Helena Antolín Raybaud (III)

Type: Other external³

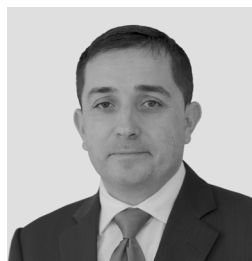
Year of first appointment: 2010



Manuel Moreu Munaiz (I) (IV)

Type: Independent

Year of first appointment: 2015



Xabier Sagredo Ormaza (II)

Type: Independent

Year of first appointment: 2016

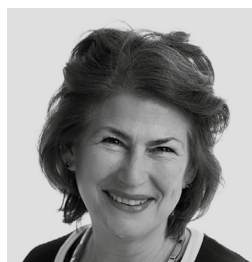
² Mr Íñigo Víctor de Oriol Ibarra is classified as other external because he has exceeded 12 years in office.

³ Ms María Helena Antolín Raybaud was an independent director until 26 March 2022, after which date she was reclassified as other external for having exceeded 12 years in office.

**Sara de la Rica Goiricelaya (V)**

Type: Independent

Year of first appointment: 2019

**Nicola Mary Brewer (V)**

Type: Independent

Year of first appointment: 2020

**Regina Helena Jorge Nunes (II)**

Type: Independent

Year of first appointment: 2020

**Ángel Jesús Acebes Paniagua (I) (III)**

Type: Independent

Year of first appointment: 2020

**María Ángeles Alcalá Díaz (II)**

Type: Independent

Year of first appointment: 2021

**Isabel García Tejerina (V)**

Type: Independent

Year of first appointment: 2021

**Santiago Martínez Garrido**Secretary (non-director)⁴**Ainara de Elejoste Echebarría**Deputy secretary (non-director)⁵**Rafael Sebastián Quetglas**Counsel to the Board⁶

⁴ During financial year 2022, Mr Julián Martínez-Simancas Sánchez served as non-director secretary of the Board of Directors, a position held by Mr Santiago Martínez Garrido since 1 January 2023.

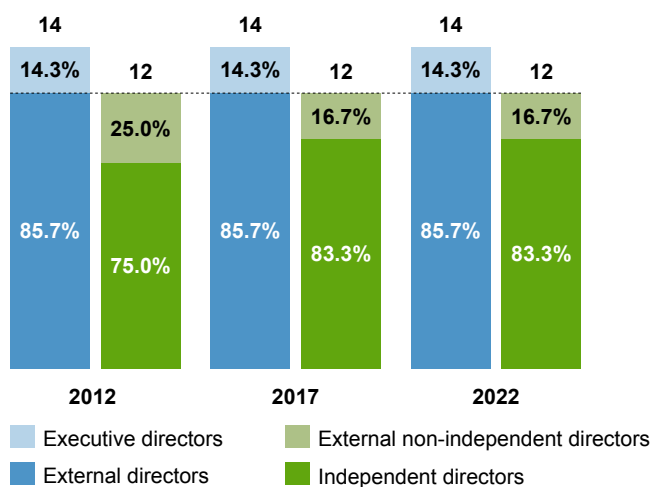
⁵ During financial year 2022, Mr Santiago Martínez Garrido served as first non-director deputy secretary and Ms Ainara de Elejoste Echebarría as second non-director deputy secretary.

⁶ During financial year 2022, Mr Rafael Mateu de Ros Cerezo held the position of counsel to the Board of Directors, a position that has been held by Rafael Sebastián Quetglas since 21 February 2023.



Seniority and independence of the directors

Composition of the Board of Directors

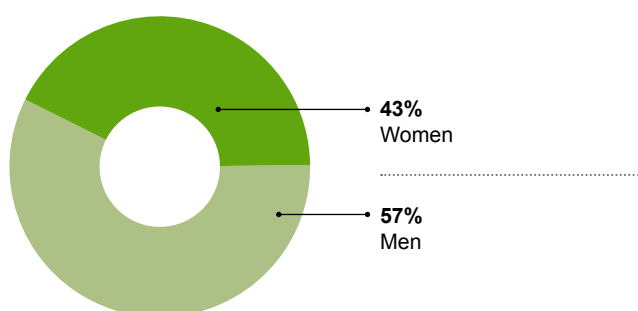


Seniority of directors



Gender and nationalities

Gender diversity



Nationalities

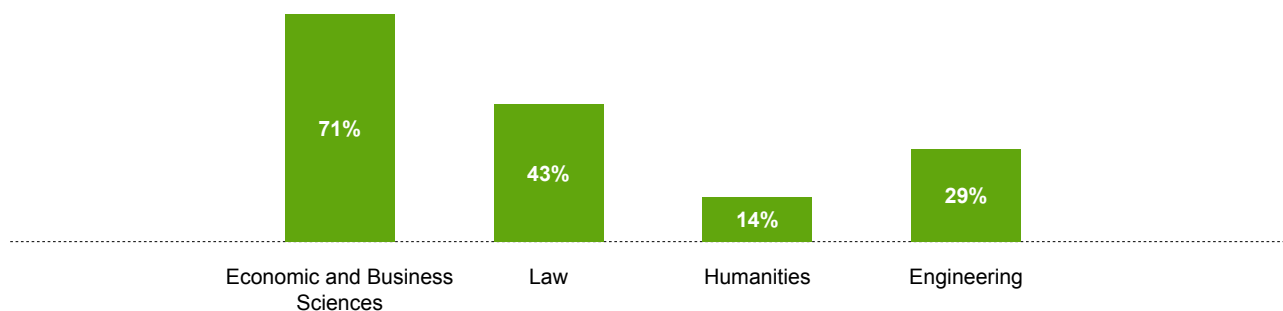


Skills of the directors

Administration and senior management	(14 of 14)
Accounting, auditing, finance and risks	(12 of 14)
Energy industry	(14 of 14)
Electricity industry	(5 of 14)
Business and international	(11 of 14)
Digitalisation and cybersecurity	(2 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)



Academic training



2.B Key issues

Throughout financial year 2022, the Board of Directors has paid particular attention to monitoring macroeconomic and energy sector risks, highlighting, in particular, the market situation arising from the global energy crisis and the conflict between Russia and Ukraine, as well as the regulatory measures adopted in this regard by the European Union, the governments of some of the countries in which the Group is present (particularly the United States, Mexico, the United Kingdom and Spain), and their main regulatory bodies.

2022 saw the separation of the positions of executive chairman and chief executive officer, appointing Mr Armando Martínez Martínez to the latter position (until then, he was Business CEO of the Iberdrola Group). This decision continues the evolution of the Iberdrola Group's governance model, further strengthening its structure of checks and balances cemented in the *General Corporate Governance Policy* (in effect since 2007).

In terms of the Group's strategy, the Board of Directors has updated the *Outlook 2020-2025*, resulting in the approval of the Strategic Plan 2023-2025, of which the market was informed on 9 November 2022 within the framework of the organisation of the Capital Markets and ESG Day in London. Among other highlights, the plan includes investments of €47,000 million over the next three years, in order to step up the Group's investment commitment to the energy transition. Of this total, the plan contemplates strong growth in the Networks Business, with an investment of €27,000 million, while maintaining a selective approach to investments in Renewables, which will still involve an outlay of €17,000 million. The Group will also continue to focus on markets with high credit ratings and regulatory stability, and maintain its commitment to financial strength, highlighting a robust green finance model and ESG+F standards.

The Board of Directors continued monitoring **cybersecurity** issues this year. Along these lines, the chair of the Audit and Risk Supervision Committee regularly reported to the Board of Directors on the main risks in this area, updates to the Group's cybersecurity strategy and an analysis of the Company's cyber resilience. The Company also availed itself of Capital Markets & ESG Day to provide updates on the Group's cyber-risk management strategy and model.

Human capital management has also been a priority for the Board of Directors during 2022. During the year, the Board of Directors approved a new *People Management Policy* for continuous progress in this area, the monitoring of which is entrusted to the Appointments Committee, as the body responsible for managing and promoting **talent**. This includes supervising the implementation of the measures adopted at Group level to recruit, encourage, hire, retain, manage and promote talent, and particularly the review of training and monitoring programmes for members of management. In addition, in 2022, a specific division



was created within the Chairman's Area to support this task, namely the Management Development Division, whose main function is to oversee and retain the talent of the management team. The People and Services Area was also set up under the leadership of the CEO.

Balanced growth

- Monitoring of the *Outlook 2020-2025* and formulation of the Strategic Plan 2023-2025.
- Preparation of the group's individual and consolidated annual financial statements.
- Presentation of quarterly, half-yearly and annual results.
- Monitoring of the performance and expectations of each of the Iberdrola Group's Businesses, as well as issues with a strategic impact on them: regulatory and technological changes, as well as risks and opportunities arising from the energy transition, public energy policies, decarbonisation and climate change.
- Analysis of current issues in the energy sector in the countries in which the Iberdrola Group operates, including decarbonisation and electrification as the main challenges.
- Monitoring of the participation of the Iberdrola Group's companies in projects relating to the electrification of energy uses and green hydrogen, as well as the plans established in various geographical areas in order to promote them (including *Next Generation EU* and the U.S. Inflation Reduction Act).
- Monitoring of corporate transactions.
- Budgets for financial year 2023.

Sustainable remuneration of shareholders

- Shareholder remuneration in line with the *Shareholder Remuneration Policy* and disclosures to the markets.
- Renewal of the "Iberdrola Retribución Flexible" optional dividend system.
- Encouragement of participation in the General Shareholders' Meeting, including, where appropriate, the payment of financial incentives for participation (such as attendance bonuses or, in the case of financial year 2022, the payment of an engagement dividend conditional on reaching a quorum of at least 70% of the share capital at the General Shareholders' Meeting).

Environmental, Social & Governance + Finance (ESG+F) strategy

- Preparation of the *Statement of Non-Financial Information. Sustainability Report*.
- Holding of Capital Markets & ESG Day.
- Assessment of the Group's positioning with respect to ESG+F issues.
- Approval of the *Integrated Report March 2022*.

Environment

- Update of the *Climate Action Plan ("Mission-Zero30" Plan)*.
- Acknowledgement of the Biodiversity Plan 2030, the main objective of which is to have a net positive impact on biodiversity by 2030.
- Monitoring of the process of approval by the European Commission of the delegated act on green taxonomy regarding nuclear energy and gas.
- Monitoring of risks and opportunities arising from climate change.
- Monitoring of greenhouse gas emission reduction targets.



- Monitoring of the Group's activities with a strategic impact related to climate change and economic recovery.
- Monitoring of the circular economy within the Company.
- Continuous review of the Governance and Sustainability System and, in particular, of the rules of Book Three on the environment and climate action.

Social:

- Amendment of the *General Sustainable Development Policy* and of the *Human Resources Framework Policy* (renamed the *People Management Policy*).
- Supervision of activities with an impact on the social dividend.
- Approval of the *Tax Transparency Report* for financial year 2021.
- Acknowledgement of the *Diversity and Inclusion Report* for financial year 2021.
- Monitoring of the implementation of the *Policy on Respect for Human Rights*.
- Acknowledgement of the *Human Rights Report 2022*.
- Acknowledgement of the report of the Foundations Committee regarding the budgets of the various foundations linked to the Iberdrola Group.
- Inclusion of the Iberdrola Group as a member of the Fundación Pro Bono España.
- Continuous review of the Governance and Sustainability System, and particularly of the rules of Book Four on social commitment.

Governance and compliance:

- Separation of the positions of executive chairman and chief executive officer.
- Appointment of Mr Armando Martínez Martínez as chief executive officer of Iberdrola, S.A.
- Approval of a new management organisational chart to conform it to said separation of the roles of executive chairman and chief executive officer, as well as to encourage international growth, strengthening the global nature of Iberdrola and its commitment to innovation and talent.
- Appointment, effective 1 January 2023, of Mr Santiago Martínez Garrido as new secretary of the Board of Directors and, consequently, secretary of the Executive Committee.
- Holding of the General Shareholders' Meeting on a hybrid basis in order to facilitate the maximum participation of the shareholders.
- Continuous review of the Governance and Sustainability System, and particularly of the rules of Book Five on corporate governance.
- Submission to the shareholders of the proposal to amend the *By-Laws* and the *Regulations for the General Shareholders' Meeting*.
- 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*.
- Submission to the shareholders of the proposals for re-election of directors: Ms María Ángeles Alcalá Díaz, Ms Isabel García Tejerina and Mr Anthony L. Gardner, all of whom are classified as independent directors.
- Appointments to the committees of the Board of Directors: Mr Armando Martínez Martínez as member of the Executive Committee, as well as Mr Ángel Jesús Acebes Paniagua and Ms María Helena Antolín Raybaud as chair and member, respectively, of the Appointments Committee.
- Re-elections to the committees of the Board of Directors: Mr Anthony L. Gardner as member of the Executive Committee and Mr Manuel Moreu Munaiz as member of the Remuneration Committee.



- Reclassification of Ms María Helena Antolín Raybaud as other external director.
- Approval of proposals for the appointment of external directors at country subholding companies.
- Calculation of the remuneration of members of the Board of Directors and senior management for financial year 2021, as well as determination of fixed remuneration and definition of any objectives linked to 2022 annual variable remuneration.
- Making of the third annual payment of the Strategic Bonus 2017-2019.
- Approval of guidelines for evaluation of the operation of the corporate decision-making bodies and of the guidelines for evaluation of the main country subholding and business subholding companies for financial year 2022.
- Monitoring and approval of related-party transactions.
- Amendment of the *Procedure for Related-Party Transactions with Members of Senior Management, Delegated Related-Party Transactions and Lines of Related-Party Transactions*.
- Monitoring of meetings with corporate governance analysts and with proxy advisors.
- Amendment of the *Regulations of the Compliance Unit*.
- Monitoring of the activities of the Compliance Unit and changes in the composition thereof.
- Approval of the budget of the Compliance Unit and acknowledgement of the budgets of the Internal Audit area and the Risk Management and Internal Assurance Division.
- Acknowledgement of the *Annual Report on the Effectiveness of the Compliance System* designed by the Compliance Unit.
- Analysis of activities with an impact on corporate reputation, brand and other intangible assets, most notably the monitoring of the CENYT case, which resulted in rulings in favour of the Iberdrola Group, supporting the conduct of the Company's corporate bodies.

Financial strength

- Continued improvement in financial ratios and continued strong credit rating.
- Strengthening the Iberdrola Group's position as a world leader in the issuance of green bonds.
- Renewal of guarantee provided by Company within the framework of the update of the Euro Medium Term Note programme.
- Granting of guarantees to Group companies in connection with the execution of financing agreements.
- Implementation of the reduction in share capital through the retirement of own shares approved at the General Shareholders' Meeting.
- Implementation of two paid-up capital increases linked to the "Iberdrola Retribución Flexible" optional dividend system.
- Monitoring of key financial indicators: interest rate structure, liquidity position and exchange rate transactions.
- Analysis of changes in share price, credit rating and opinions of main financial analysts.
- Change in composition of the shareholders of the Company.

Risk control

- Monitoring of the global energy crisis in general and the Russia-Ukraine conflict, particularly including analysis of regulatory measures taken as a consequence of said conflict and the impact thereof on energy markets.
- Control of the Group's environmental and climate risks.
- Review and update of the risk policies and approval of risk limits for 2022.



- Monitoring of the risk control and management systems and of the level of compliance with the *Corporate Tax Policy*.
- Submission to the shareholders of the proposal for re-election of the statutory auditor for financial years 2022-2023.
- Appointment of the assurance provider of the *Statement of Non-Financial Information. Sustainability Report* for financial year 2022.
- Supervision of personal data protection activities carried out by the Group in 2022.
- Monitoring of the current main legal proceedings and other legal issues affecting the Group's companies.

Priorities for 2023

- Monitoring of the Strategic Plan 2023-2025 and the long-term outlook of the Group.
- Analysis of the possible impacts on the Group of the global geopolitical and macroeconomic situation and in the countries in which it has a presence.
- Analysis of changes in energy policy of the countries in which the Group has a presence, particularly the reform of the European electricity market.
- 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 implementation of the *Climate Action Plan ("Mission-Zero30" Plan)*.
- Composition of the Board of Directors.

2.C Appearances

The Business CEO (until he was appointed CEO) and the Director of Administration and Control have regularly appeared before the Board of Directors.

The following Iberdrola Group executives were also invited on particular occasions:

- Finance, Control and Corporate Development Director
- General Secretary and Director of Legal Services
- Director of Networks Business
- Director of Innovation and Sustainability
- Regulatory Director Spain
- Global Tax Director
- Director of European Affairs
- Data Protection Officer of Iberdrola, S.A.
- CEO of Scottish Power Ltd.
- CEO of Iberdrola España, S.A. (Sociedad Unipersonal)

Various external advisers and the statutory auditor have also appeared before the Board, including with respect to a cybersecurity training session provided by an expert in this area.

[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. This is the only committee with executive powers.

3.A Composition and attendance

During financial year 2022, Mr Armando Martínez Martínez was appointed as a member of the Executive Committee as a result of his appointment as CEO of the Company. Mr Anthony L. Gardner was also re-elected as a member of the Executive Committee.

The Executive Committee is thus made up of (i) Mr José Ignacio Sánchez Galán (Chairman); (ii) Mr Manuel Moreu Munaiz; (iii) Mr Juan Manuel González Serna; (iv) Mr Ángel Jesús Acebes Paniagua; (v) Mr Anthony L. Gardner; and (vi) Mr Armando Martínez Martínez. Mr Julián Martínez-Simancas Sánchez served as non-director secretary during financial year 2022, a position held by Mr Santiago Martínez Garrido since 1 January 2023.

During financial year 2022, this committee held 12 meetings, with all of its members attending each of such meetings.

For more information on the profiles and attendance of the members of the Executive Committee, click on the links below or scan the QR codes.

[Link to the composition of the Executive Committee](#)



[Link to the Annual Corporate Governance Report 2022](#)



3.B Key issues

During financial year 2022, the Executive Committee analysed the main regulatory and tariff changes at the national and EU level. It has also monitored the main regulatory risks stemming from the energy crisis, including gas price regulation.

The Executive Committee has also monitored the achievement level of the objectives in accordance with *Outlook 2020-2025* and vision to 2030, as well as the basis of the Strategic Plan 2023-2025.

Balanced growth

- Monitoring of the *Outlook 2020-2025* and analysis of the foundations for the definition of the Strategic Plan 2023-2025.
- Analysis of current issues in the energy sector in Spain, including decarbonisation and electrification as challenges and opportunities.
- Monitoring of the implementation of the 2022 budget and monitoring of the preliminary bases for the Group's budget for financial year 2023.
- Monitoring of monthly results.
- Acknowledgement and authorisation of the reorganisation of the Iberdrola Group's Businesses in Spain.



- Monitoring of the operating indicators and investment projects by business and by geographic area.
- Monitoring of the results of the Group companies.
- Monitoring of the process of specification and implementation of the *Next Generation EU* plan and of the Iberdrola Group's portfolio of projects related thereto.
- Supervision of corporate transactions.

Environmental, Social & Governance + Finance (ESG+F) strategy

- Monitoring of the Company's performance in the main environmental, social and governance parameters and of the presence of companies of the Iberdrola Group on sustainability indices. Specifically: (i) evolution of greenhouse gas emissions and pollutants, (ii) impacts on biodiversity, (iii) job creation in the Company and the value chain, (iv) training, (v) innovation, (vi) social action, and (vii) corporate governance.
- Monitoring of changes in climate-related regulations at both the domestic and the international level.
- Monitoring the value of the Iberdrola brand.
- Monitoring of the process of adapting the Group's workforce structure to the strategy defined in the *Outlook 2020-2025* and in the Strategic Plan 2023-2025.

Stakeholder relations

- Monitoring of the Iberdrola Group's participation in the World Economic Forum in Davos.
- Monitoring of the participation of Iberdrola, S.A. in the European Round Table for Industry.
- Monitoring of the participation of Iberdrola, S.A. in the UN Climate Change Conference (COP27).
- Analysis of questions raised by shareholders and proxy advisors.
- Monitoring of the results of Iberdrola's International Volunteering Week.
- Monitoring of the Group's institutional activities and recognition and awards.

Financial strength

- Analysis of changes in share price, credit rating and opinions of main financial analysts.
- Change in composition of the shareholders of the Company.
- Monitoring of the Iberdrola Group's financial structure and liquidity and approval of significant financing transactions.
- Provision of guarantees in connection with financing agreements entered into by Iberdrola Group companies.
- Monitoring of the main investments and divestments by the Iberdrola Group.

Risk control

- Monitoring of changes in the energy regulatory environment with an impact on the Group, including, inter alia, the various industry regulations adopted or in process in the European Union, Spain and Portugal, and the reform of the Electricity Industry Law in Mexico, as well as the ruling of the Mexican Supreme Court on the action challenging the constitutionality of this reform.
- Impacts on the Group arising from the Russia-Ukraine conflict and monitoring of proposals for regulatory measures in response to the conflict.
- Monitoring of the Group's main reputational risks.



- Monitoring of ongoing legal proceedings and other major legal issues.
- Acknowledgement of the main risks identified by analysts and credit rating agencies.
- Identification of the main risks in each country for financial year 2023 within the framework of the exposure of the strategic lines and the preliminary bases of the Group's consolidated budget for financial year 2023.
- Analysis of activities with an impact on corporate reputation, brand and other intangible assets, most notably the monitoring of the CENYT case, which resulted in rulings in favour of the Iberdrola Group, supporting the conduct of the Company's corporate bodies.

Priorities for 2023

- Oversight of the Group's investments within the Strategic Plan 2023-2025 and fulfilment of the plan's main metrics.
- Analysis of opportunities for medium- and long-term growth.
- Monitoring of the economic, financial, technical and human resources necessary for the Group's activity.
- Review of the geopolitical, economic and financial environment, its risks and opportunities, and its impact on the Group.
- Monitoring of the Group's performance in the financial markets.
- Monitoring of the main investment and divestment projects as well as corporate transactions.
- Monitoring of regulatory developments in the countries in which the Group has a presence.
- Monitoring of the Group's most significant institutional actions.
- Monitoring of the Group's performance on key environmental, social and governance indicators.

3.C Appearances

The Business CEO (until he was appointed CEO and, consequently, member of the Executive Committee) has made regular presentations.

The following Iberdrola Group executives were also invited on particular occasions:

- Director of Administration and Control
- General Secretary and Director of Legal Services
- Director of the Renewable Energy Business
- Director of Offshore Operations
- Director of European Affairs
- Director of Global Cybersecurity
- Regulatory Director Spain
- CEO of Avangrid, Inc.
- CEO of Scottish Power Ltd.
- CEO of Iberdrola España, S.A. (Sociedad Unipersonal)



04.Audit and Risk Supervision Committee



“The Audit and Risk Supervision Committee has made progress in the comprehensive monitoring of the Group’s risks, through the standardisation and implementation of various advances in the risk reports received by the committee”.

– Xabier Sagredo Ormaza
(chair of the Audit and Risk Supervision Committee at year-end 2022)

4.A Composition and attendance

While the composition of the Audit and Risk Supervision Committee has not been altered during the financial year 2022, in February 2023 it was agreed to appoint Ms Ángeles Alcalá Díaz as chair of thereof.

The Committee is thus made up of (i) Ms María Ángeles Alcalá Díaz (chair); (ii) Mr Xabier Sagredo Ormaza; and (iii) Ms Regina Helena Jorge Nunes. Mr Rafael Sebastián Quetglas holds the position of non-director secretary.

All members of the Audit and Risk Supervision Committee attended 100% of the 15 meetings held during financial year 2022.

For more information on the profiles and attendance of the members of the Audit and Risk Supervision Committee, click on the links below or scan the QR codes.

[Link to the composition of the Audit and Risk Supervision Committee](#)



[Link to the Annual Corporate Governance Report 2022](#)



4.B Key issues

During financial year 2022, the Audit and Risk Supervision Committee paid special attention to monitoring the Iberdrola Group’s risks, for which purpose the existing risk policies were reviewed and the Group’s cybersecurity strategy was presented. It has also addressed the following key topics within its different areas of responsibility.

Financial information and internal control

- Reports to the Board of Directors on the financial information of the Company and its consolidated Group for financial year 2021, as well as for the first and third quarters and the first half of financial year 2022.



- Reports to the Sustainable Development Committee regarding the sections on risks and the Internal Control over Financial Reporting System (“ICFRS”) of the *Annual Corporate Governance Report* for financial year 2021.
- Memorandum of internal control recommendations resulting from the audit of financial information for financial year 2021 and supervision of the tasks performed to implement them.
- Verification of whether the financial information published on the corporate website and with the CNMV coincides with that approved by the Board of Directors and, where appropriate, that reviewed by the statutory auditor.
- Analysis of the alternative performance measures (APMs) included in the annual financial statements and in the directors’ reports for financial year 2021.
- Ongoing evaluation of the ICFRS.
- 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 2021* (“SNFI”).
- Preparation of a proposal to the Board of Directors on the appointment of the independent service provider responsible for verifying the information contained in the SNFI.
- Memorandum of internal control recommendations resulting from the verification of the content of the SNFI and supervision of the tasks performed for the implementation thereof.
- Oversight of the implementation and ongoing assessment of the Internal Control over Non-Financial Reporting System (“ICNFRS”).

Risk management and control

- Report to the Board of Directors on the risk control and management systems at the close of financial year 2021.
- Analysis of the quarterly and half-yearly risk information for financial year 2022.
- Reports to the governing bodies of the Iberdrola Group’s⁷ Finance Companies on their respective risk control and management systems at the close of financial year 2021.
- Review of whether, in general, the policies and systems in place for internal control are effectively implemented in practice.
- 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 and social risks associated therewith, regulatory, reputational and cybersecurity risks, as well as those related to the activities of the Finance, Control and Corporate Development Division. Analysis of alert mechanisms for the different types of risks.
- Specific meeting on risk policies: process for updating risks and update on “risk appetite”.
- Activities Report of the Risk Management and Internal Assurance Division for financial year 2022 and approval of its annual activity plan, budget and objectives for 2023.

⁷ “Iberdrola Finanzas, S.A.” (Sociedad Unipersonal), “Iberdrola Finance Ireland, DAC” and “Iberdrola International, B.V.”



Internal audit

- Approval of the annual activities plan, budget and objectives of the Internal Audit Area for financial year 2023.
- Monitoring and, where appropriate, updating the annual activities plan of the Internal Audit Area for 2022.
- Acknowledgement of the activities report of the Internal Audit Area for financial year 2021.
- Monitoring of the activities and recommendations of the Internal Audit Area.
- Evaluation of the performance of the Internal Audit director with a view to the payment of annual variable remuneration for financial year 2021 and determining her remuneration in 2022.

Statutory audit

- Process for the re-election of the statutory auditor for financial years 2022-2023.
- Monitoring of new accounting developments (this task was carried out with the assistance of an external professional).
- Proposal to the Board of Directors on the terms of engagement of the statutory auditor for the issuance of the limited review report on the *Half-Yearly Financial Report 2022* and for the audit of the financial statements for 2022.
- Evaluation of the statutory auditor.
- Acknowledgement of the proposed meeting of the Board of Directors with the statutory auditor in order to report on the tasks performed and the development of the Company's accounting situation and risks.
- Report to the Board of Directors regarding the independence of the statutory auditor in relation to the audit report for financial year 2021.
- 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.
- Monitoring of the involvement of the statutory auditor in the analysis of Iberdrola's *Climate Action Plan* ("*Mission-Zero30*" Plan).

Other activities

- Proposal to the Board of Directors to amend the *Procedure for Related-Party Transactions with Members of Senior Management, Delegated Related-Party Transactions and Lines of Related-Party Transactions*.
- Preparation of the *Report on Related-Party Transactions with Directors and Significant Shareholders* for inclusion in the *Activities Report of the Board of Directors and of the Committees thereof* for financial year 2021.
- Report to the Board of Directors on the compliance of standardised delegated related-party transactions with the requirements of the *Procedure for Related-Party Transactions with Members of Senior Management, Delegated Related-Party Transactions and Lines of Related-Party Transactions*.
- Report to the Board of Directors on the renewal of the Lines of Related-Party Transactions in force as at 20 July 2021 and compliance with the conditions set by the Board of Directors in approving them.



- Monitoring of the Company's 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 tax standards applied during financial year 2021 and during the first half of financial year 2022.
- 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 Spanish Tax Administration Agency highlighting the willingness and facilities offered by Iberdrola, S.A. 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 payment of an interim dividend for financial year 2022 in the context of the "Iberdrola Retribución Flexible" optional dividend system.
- Monitoring of the Strategic Cybersecurity Plan and of the cyber-resilience of the Iberdrola Group.
- Supervision of ethics mailboxes and of investigations regarding potentially significant financial and accounting improprieties.
- Acknowledgement of the Report from Legal Services regarding claims during financial year 2022.
- Proposed calendar for meetings and approval of the annual work plan of the committee for financial year 2023. Half-yearly review of the annual work plan 2022, and particularly of the areas of improvement for financial year 2022.
- Performance of the duties of an audit committee at the Company's subsidiaries "Iberdrola Finanzas, S.A." (Sociedad Unipersonal), "Iberdrola Finance Ireland, DAC" and "Iberdrola International B.V."
- Preliminary information on potential impact of the energy crisis in various countries where the Group operates.

Priorities for 2023

- Continue to comprehensively monitor the various types of risks, including a review of the macroeconomic context and its impact on the Group.
- Monitoring and analysis of the tax measures adopted by European and Spanish regulators and their impact on the Iberdrola Group.
- Oversight of the environment and the risks in the different countries in which the Group operates.
- Monitoring of legislative developments in non-financial reporting and systems for preparing and presenting non-financial information.
- Focus on excellence in the presentation, coordination and reporting of the holistic and comprehensive treatment of risks, so that all risks are taken into account.



4.C Appearances

The Director of the Internal Audit Area, the Director of Risk Management 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 Committee⁸.

The following Iberdrola Group executives were also invited on particular occasions:

- Finance, Control and Corporate Development Director
- Director of Legal Services of the Businesses
- Director of Finance, Development and Corporation Legal Services
- Director of Compliance
- Heads of the Liberalised, Networks and Renewables businesses
- ESG Director
- Global Tax Director
- Finance and Treasury Director
- Director of Climate Change and Alliances
- Director of Innovation and Sustainability
- Director of Global Cybersecurity
- Director of Corporate Development
- Head of Litigation for Legal Services
- Director of Digital Planning and Systems

A number of external experts have also appeared to provide training on non-financial reporting.

Link to the Regulations of the Audit and Risk Supervision Committee



⁸ The Director of the Internal Audit Area and the Director of Risk Management and Internal Assurance appeared at 13 of the Committee's 15 meetings. The party in charge of verifying the information contained in the SNFI appeared at five meetings. The representatives of the statutory auditor appeared at nine meetings, and during said meetings, they participated on 16 occasions in order to report on various matters relating to the audit.



05. Appointments Committee



“One of the tasks to which the Committee has paid most attention this year is the appointment of a new CEO for the Company, following a preliminary analysis of the candidates. There has also been continued focus on the other significant responsibilities of this body, including the evaluation of the governing bodies and the supervision of talent management within the Company”.

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

5.A Composition and attendance

The composition of the Appointments Committee remained unchanged during financial year 2022. However, as a result of the reclassification of director María Helena Antolín Raybaud as other external, Ángel Jesús Acebes Paniagua was appointed as the new chair of the Committee.

The Appointments Committee is thus made up of (i) Mr Ángel Jesús Acebes Paniagua (Chairman); (ii) Ms María Helena Antolín Raybaud; and (iii) Mr Anthony L. Gardner. Mr Íñigo Gómez-Jordana Moya served as non-director secretary during the 2022 financial year, a position currently held by Mr Carlos Rodríguez-Quiroga Menéndez.

All members of the Appointments Committee attended 100% of the 13 meetings held during financial year 2022.

For more information on the profiles and attendance of the members of the Appointments Committee, click on the links below or scan the QR codes.

[Link to the composition of the Appointments Committee](#)



[Link to the Annual Corporate Governance Report 2022](#)



5.B Key issues

In 2022, the Appointments Committee has focused its activities on separating the positions of chairman of the Board of Directors and CEO, the appointment of a new chair of the Committee and the re-election of several directors at the General Shareholders' Meeting. It has also reviewed the *Board of Directors Diversity and Member Selection Policy*.



Selection, composition and evaluation of the governance bodies

- Proposal for the separation of the positions of chairman of the Board of Directors and CEO and resulting appointment of Mr Armando Martínez Martínez as CEO of Iberdrola, S.A.
- Proposal for the re-election of Ms María Ángeles Alcalá Díaz, Ms Isabel García Tejerina and Mr Anthony L. Gardner, as independent directors.
- Proposals for appointments and re-elections to internal positions and of committee members: appointment of Mr Armando Martínez Martínez as member of the Executive Committee, as well as Mr Ángel Jesús Acebes Paniagua as chair and Ms María Helena Antolín Raybaud as member of the Appointments Committee; and re-election of Mr Anthony L. Gardner as member of the Executive Committee and Mr Manuel Moreu Munaiz as member of the Remuneration Committee.
- Review of the *Board of Directors Diversity and Member Selection Policy* and verification of compliance therewith.
- Reports on the appointment of external directors at the country subholding companies.
- Reports on the classification of directors and on the reclassification of Ms María Helena Antolín Raybaud as other external.
- Leadership and coordination of the process of evaluation of the operation of the governance bodies.
- Report to the Board of Directors on the chairman's proposal for the appointment of a new secretary of the Board of Directors.

Talent management and promotion

- Report to the Board of Directors regarding the proposal to appoint Mr Agustín Delgado Martín as a member of the Company's senior management.
- Report on the appointment of Ms Solange María Pinto Ribeiro as member of the Compliance Unit.

Conflicts of interest

- Potential conflicts of interest of the directors.
- Analysis of and reports on potential appointments of directors at external entities.

Priorities for 2023

- Process of re-election of the executive chairman and renewal of the Board of Directors and the committees thereof with the appointment and/or re-election of directors.
- Ratification at the General Shareholders' Meeting of the appointment of Mr Armando Martínez Martínez as an executive director of the Company.
- Monitoring of best practices at the international level in the selection, retention, management and promotion of talent.



5.C Appearances

The Director of Corporate Governance and the Director of Digital & Social Media have been invited on particular occasions.

Various external advisers have also appeared before the Committee in order to monitor the evaluation process and 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 has presented a proposal to the Board of Directors to evaluate the achievement of the objectives that determine the variable remuneration of the executive directors. It has also proposed the remuneration of the new CEO and has worked on the continuous improvement of the Annual Director Remuneration Report”.

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

6.A Composition and attendance

The composition of the Remuneration Committee remained unchanged during financial year 2022. In this respect, Mr Manuel Moreu Munaiz was re-elected as a member of this Committee.

The Remuneration Committee is thus made up of (i) Mr Juan Manuel González Serna (chairman); (ii) Mr Manuel Moreu Munaiz; and (iii) Mr Íñigo Víctor de Oriol Ibarra. Mr Rafael Mateu de Ros Cerezo has served as non-director secretary during the 2022 financial year, a position currently held by Mr Iñigo Sagardoy de Simón.

All members of the Remuneration Committee attended 100% of the 10 meetings held during financial year 2022.

For more information on the profiles and attendance of the members of the Remuneration Committee, click on the links below or scan the QR codes.

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



[Link to the Annual Corporate Governance Report 2022](#)



6.B Key issues

During 2022 the Remuneration Committee devoted special attention to the continuous improvement of the *Annual Director Remuneration Report*, and to the review of trends in remuneration parameters, such as the inclusion of indicators aligned with the objectives of the ESG+F strategy.

Director remuneration

- Proposed *Annual Director Remuneration Report 2021*.
- Favourable report and referral to the Board of Directors of the proposals regarding the remuneration structure of the new CEO and the terms of his contract.



- Report on the remuneration of the directors set out in the half-yearly and annual financial statements.
- Comparative internal analysis of the remuneration of executive directors.
- Calculation of the annual variable remuneration of the executive chairman for his performance in financial year 2021 based on a report evaluating the achievement of targets prepared by an independent external adviser.
- Report to the Board of Directors regarding confirmation of eligibility for the delivery of shares corresponding to the third tranche of the payment of the 2017-2019 Strategic Bonus.
- Proposed fixed remuneration of directors and budget for expenditures of the Board of Directors for financial year 2022.
- Proposed fixed remuneration and maximum limit on annual variable remuneration (and the targets to which it is linked) for executive directors for financial year 2022.
- Acknowledgement of new developments in the area of remuneration transparency incorporated in the annual director remuneration reports.

Senior management remuneration

- Report on the remuneration of senior management set out in the half-yearly and annual financial statements.
- Verification of compliance with the objectives for financial year 2021 and report on the proposed calculation of the variable remuneration of the members of senior management for that year.
- Report on the fixed remuneration of senior management for 2022.
- Report on the proposed benchmark objectives for the 2022 variable remuneration of senior management.

Other activities

- Verification of the sufficiency and adequacy of the information on remuneration published on the corporate website.
- Information on the analysis of measures to encourage favourable voting on the *Annual Director Remuneration Report*, with the participation of an independent expert.
- Report on director liability insurance.

Priorities for 2023

- Determination of the percentage of compliance with the targets to which the 2020-2022 Strategic Bonus is linked and payment of the first tranche.
- Definition of the Strategic Bonus for the 2023-2025 period.
- Review of best practices on the remuneration of executive directors. Specifically, in the area of remuneration reporting and information in the annual director remuneration reports.
- Monitoring of best practices in the area of remuneration policies, with a view to developing and presenting a new policy at the General Shareholders' Meeting in 2024.



6.C Appearances

The heads or directors of the following areas have been invited on particular occasions:

- Director of Corporate Development
- Head of the Administrative Management Unit of the Office of the Secretary of the Board of Directors
- Director of Purchasing and Insurance
- Director of Digital & Social Media
- Insurance Director

Various external advisers have also appeared.

*Link to the Regulations of the
Remuneration Committee*





07. Sustainable Development Committee



“The Sustainable Development Committee has discussed the Biodiversity Plan 2030 and the proposed amendment of the Climate Action Plan (“Mission-Zero30” Plan). It has also monitored key issues related to corporate reputation, branding and other significant intangible assets”.

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

7.A Composition and attendance

The composition of the Sustainable Development Committee remained unchanged during financial year 2022.

The Sustainable Development Committee is thus made up of (i) Ms Sara de la Rica Goiricelaya (chair); (ii) Ms Nicola Mary Brewer; and (iii) Ms Isabel García Tejerina. Mr Fernando Bautista Sagüés has served as non-director secretary during the 2022 financial year, a position currently held by Mr Jaime Velázquez Vioque.

All members of the Sustainable Development Committee attended 100% of the 10 meetings held during financial year 2022.

For more information on the profiles and attendance of the members of the Sustainable Development Committee, click on the links below or scan the QR codes.

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



[Link to the Annual Corporate Governance Report 2022](#)



7.B Key issues

In financial year 2022, the Sustainable Development Committee paid special attention to presenting and reviewing the Company's main plans and policies (such as the Biodiversity Plan 2030, the proposed update of the *Climate Action Plan - “Mission-Zero30” Plan* -, the monitoring of corporate policies and the update on matters of reputational significance), the monitoring of the Group's position on corporate social responsibility and ESG+F matters, and the reporting of non-financial information.

Emphasis has also been placed on reporting on the proposed amendments to the *Regulations of the Compliance Unit*. As a result of this amendment, the Committee must issue an annual opinion on the Compliance Unit's activity programmes and on the performance of its director.



Sustainable development

- Report on the proposed *Statement of Non-Financial Information. Sustainability Report 2021*.
- Report on the proposed *Integrated Report. March 2022*.
- Report on the proposed *Diversity and Inclusion Report 2021*.
- Review of the level of implementation of the *Sustainable Development Plan 2020-2022* and reputational aspects of relevant issues.
- Presentation and report on the new *Biodiversity Plan 2030*.
- Monitoring of the main developments in the European rules on taxonomy of non-financial information.
- Monitoring of work on the circular economy and climate governance.
- 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 ESG+F and corporate social responsibility.
- Supervision of the implementation of the *Stakeholder Engagement Policy*.
- Review of the *General Sustainable Development Policy*, the *Stakeholder Engagement Policy* and the environmental and social policies.
- Monitoring and update of the *Climate Action Plan ("Mission-Zero30" Plan)*.
- Analysis and evaluation of the way in which the Company handles its relations with suppliers in terms of sustainability.
- Acknowledgement of the *Human Rights Report 2022*.

Corporate reputation

- Analysis of activities with an impact on corporate reputation, brand and other intangible assets, most notably the monitoring of the CENYT case, which resulted in rulings in favour of the Iberdrola Group, supporting the conduct of the Company's corporate bodies.
- Monitoring of the *Manual on the Management of Reputational Issues in Crisis Situations*.
- Oversight of corporate social responsibility and corporate reputation activities by the foundations.
- Monitoring of the Group's foundations in the performance of their functions.
- 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.
- Opinion on the *Annual report on the effectiveness of the Compliance System* prepared by the Compliance Unit.
- Budget for financial year 2023 and annual activity plan of the Compliance Unit for that financial year.
- Report on the proposed *Annual Corporate Governance Report 2021*.
- Monitoring of the corporate governance strategy and compliance with legal requirements and the rules of the Governance and Sustainability System.
- 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.

Priorities for 2023

- Monitoring of the main European rules on taxonomy of non-financial information.
- Monitoring of international trends in the activities of companies in the area of corporate reputation.
- Monitoring of the implementation of the *Purpose and Values of the Iberdrola Group*.
- Monitoring of the provisions of the *Policy on Respect for Human Rights*.
- Issuance of an opinion on compliance with the annual activity plan of the Compliance Unit and the performance of its director.

7.C Appearances

The director of ESG and director of Compliance have regularly appeared.

The following Iberdrola Group executives were also invited on particular occasions:

- Secretary of the Board of Directors
- General Secretary and Director of Legal Services
- Director of Purchasing and Insurance
- Director of Human Resources, General Services and Corporate Security
- Director of Corporate Development
- Director of Finance, Development and Corporation Legal Services
- Global Tax Director
- Director of Investor Relations and External Communication
- Head of Stakeholder Relations
- Director of Diversity and Inclusion
- Director of Innovation and Sustainability
- Director of Climate Change and Alliances
- Director of Digital & Social Media
- Global Marketing & Digital Director
- Chair of Fundación Iberdrola España

Various external advisers have also appeared.

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





08. Training and Information Programme



Iberdrola, S.A. 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 topics at different meetings of the governance bodies and in documents included in the directors' website during financial year 2022. During financial year 2022, prestigious law firms and consultants have participated in the aforementioned training programme, including "Cuatrecasas Gonçalves Pereira, S.L.P.", "J & A Garrigues, S.L.P.", "CMS Albiñana & Suárez de Lezo, S.L.P.", "White & Case, LLP", "Clifford Chance, S.L.P.", "Uría Menéndez Abogados, S.L.P.", "PricewaterhouseCoopers Asesores de Negocios, S.L.", "Baker McKenzie Madrid, S.L.P.", "National Economic Research Associates Inc., Spain Branch (NERA) and "Linklaters, S.L.P."

Board of Directors	Technological perspectives in the electricity sector and opportunities in the decarbonisation of demand.
	Situation and outlook in the Networks Business.
	Situation and outlook in the United Kingdom.
	Cybersecurity.
	Regulatory impact of the energy crisis in Spain.
	Regulatory environment in Europe and Spain.
Audit and Risk Supervision Committee	Political, reputational and corruption-related risks and alert mechanisms for these types of risks.
	Risks associated with the Finance, Control and Corporate Development Division.
	Current risks of the Liberalised Business.
	Four training sessions on non-financial reporting. ⁹
	Current risks of the Renewables Business.
	New accounting developments.
	Impact of potential fallout from the energy crisis.
	Current risks of the Networks Business.
	Technological risks of the Businesses of the Iberdrola Group.
	Aspects relating to audit committees within the CNMV's annual corporate governance report.
	Specific meeting on risk policies.
	Results of the General Shareholders' Meeting 2022 (voting on resolutions relating to the responsibilities of the committee).
	Work plan and strategy of the statutory auditor.
	Accounting developments and information on the statutory auditor's work in relation to the <i>Climate Action Plan</i> . ¹⁰
	Environmental and social risks associated therewith and alert mechanisms for these types of risks.

⁹ Training provided by representatives of "PricewaterhouseCoopers Auditores, S.L."

¹⁰ Training provided by representatives of the statutory auditor.



	Cybersecurity risks and analysis of cyber-resilience capacity.
	Fiscal transparency report on the payment of taxes.
	Alternative Performance Measures. ¹¹
	Strategy for the supervision of tax risk at Iberdrola. ¹¹
	Cybersecurity strategy in the energy industry. ¹¹
	Challenges and trends in Internal Audit. ¹¹
Appointments Committee	Director selection criteria.
	Comparative analysis of the composition of the Boards of Directors. ¹¹
	Diversity in the composition of the Board of Directors: a regulatory perspective. ¹¹
Remuneration Committee	Renewal of management bodies and senior management. Remuneration issues.
	Measures to encourage favourable voting on the <i>Annual Director Remuneration Report</i> .
	Application of the new regulatory developments in the Ibex-35, particularly the advances in transparency in the remuneration of executive directors.
	Relationship and alignment of director remuneration with ESG goals.
	Analysis of market practices with respect to new developments in the area of remuneration transparency in the annual director remuneration reports. ¹¹
Sustainable Development Committee	Non-financial information, and particularly climate taxonomy and measurement of climate risk impacts.
	Aspects that enhance international corporate reputation, with references to examples of critical situations and the recognised position of Iberdrola.
	Responsible marketing and communication.
	Innovation and major elements for improved climate change governance.
	Expectations in terms of sustainability. Regulatory ecosystem, relevant initiatives and institutional investor relations: a global and practical overview. ¹¹
Training documents on the directors' website for the Board of Directors	Law 10/2021 of 9 July on teleworking in labour context.
	New features of Law 11/2021 of 9 July on measures to prevent and combat tax fraud.
	Occupational health and safety system of the Iberdrola group and its preventive programmes.
	Circular economy at Iberdrola.
	Global Stakeholder Engagement Model of the Iberdrola Group.
	Diversity and inclusion within the company. General issues.
	Royal Decree-Law of 28 December on urgent measures for labour reform, guaranteeing employment stability and transforming the job market.
	International Humanitarian Law: Key features and principles.
	Investor and Proxy Advisor Policies. Criteria for ESG Ratings and Sustainability Indices.
	Shareholder activism: institutional investors and activist funds.
	Current situation and outlook for the development of energy and environmental taxation in Spain, within the framework of the EU's Fit for 55 programme.
	New system for reporting related-party transactions.

¹¹ Training of the consultative committees published on the director's website.



Net Zero. Impact on the entire value chain and the need to decarbonise and report.

Principles of decentralisation and respect for corporate autonomy in the structure of the Iberdrola group.

Tax and non-tax financial benefits of a public nature.

Big Data and Artificial Intelligence in reporting and control of financial information.

The technological debate in the context of an efficient energy transition.

ESG financing: Green, social, sustainable and sustainability-linked bonds and loans.



09. Evaluation



Iberdrola, S.A. is firmly committed to developing its corporate governance and complying with the best practices in force at all times. The Board of Directors, led and coordinated by the Appointments Committee, annually evaluates its operation and that of its committees. For financial year 2022, “PricewaterhouseCoopers Asesores de Negocios, S.L.” provided external advice for the evaluation.

The scope of the process was broad and thorough, including the evaluation of the Board of Directors and the committees thereof, as well as the performance of the chairman, of the chief executive officer and of each of the other directors from the following viewpoints: (i) compliance with the *Companies Act*, with the Governance and Sustainability System and with the CNMV’s *Good Governance Code of Listed Companies*, (ii) monitoring of corporate governance trends and best practices, (iii) a comparison of best practices with 25 comparable companies, both domestic and international, and (iii) analysis of coverage of potential areas for work defined in evaluations from prior years.

The evaluation of the chairman of the Board of Directors was led by the first vice-chair and lead independent director. In addition, individual interviews were conducted with the directors, in which their opinions and reflections on the performance of the Board of Directors and its committees were received and used in the evaluation process, in line with the recommendations of the *Good Governance Code of Listed Companies* and the *Technical Guide 1/2019 on Nomination and Remuneration Committees* published by the CNMV.

In the evaluation process for financial year 2022, “PricewaterhouseCoopers Asesores de Negocio, S.L.” used 389 indicators, which were assessed using objective and verifiable evidence. The process concluded with a very positive assessment of the quality and efficiency of the operation of the Board of Directors and the committees thereof, as well as of the performance of the chairman, the chief executive officer and the other directors. Thus, it was verified that 100% of the areas included in the *Continuous Improvement Plan 2022*, derived from the evaluation process carried out in the 2021 financial year, had been complied with.

In line with previous years, no material deficiencies were detected that would require the implementation of an action plan to correct them. Without prejudice to the foregoing, at its meeting of 21 February 2023, the Board of Directors approved the *Continuous Improvement Plan* for the aforementioned financial year. Said plan includes 30 areas of progress, whereby excellence is pursued both in internal organisation and in the procedures applicable to the activities of the corporate bodies.

The areas addressed in this plan include aspects for the excellence and continuous improvement of the operation of the Board of Directors and of the committees thereof, such as, for example, the review and updating of the orientation plan for new directors, and the improvement of the balance between completeness and conciseness in the documentation made available to the members of the board of directors for each meeting. With regard to other areas for improvement, the topics mentioned include cybersecurity, environmental taxonomy, talent management and the social aspects of ESG+F strategy, which should continue to be the focus of the meetings of the Board of Directors and its committees. It also includes a specific reference to the thorough monitoring of the new Strategic Plan 2023-2025 and to the status of the countries and their political/regulatory issues.

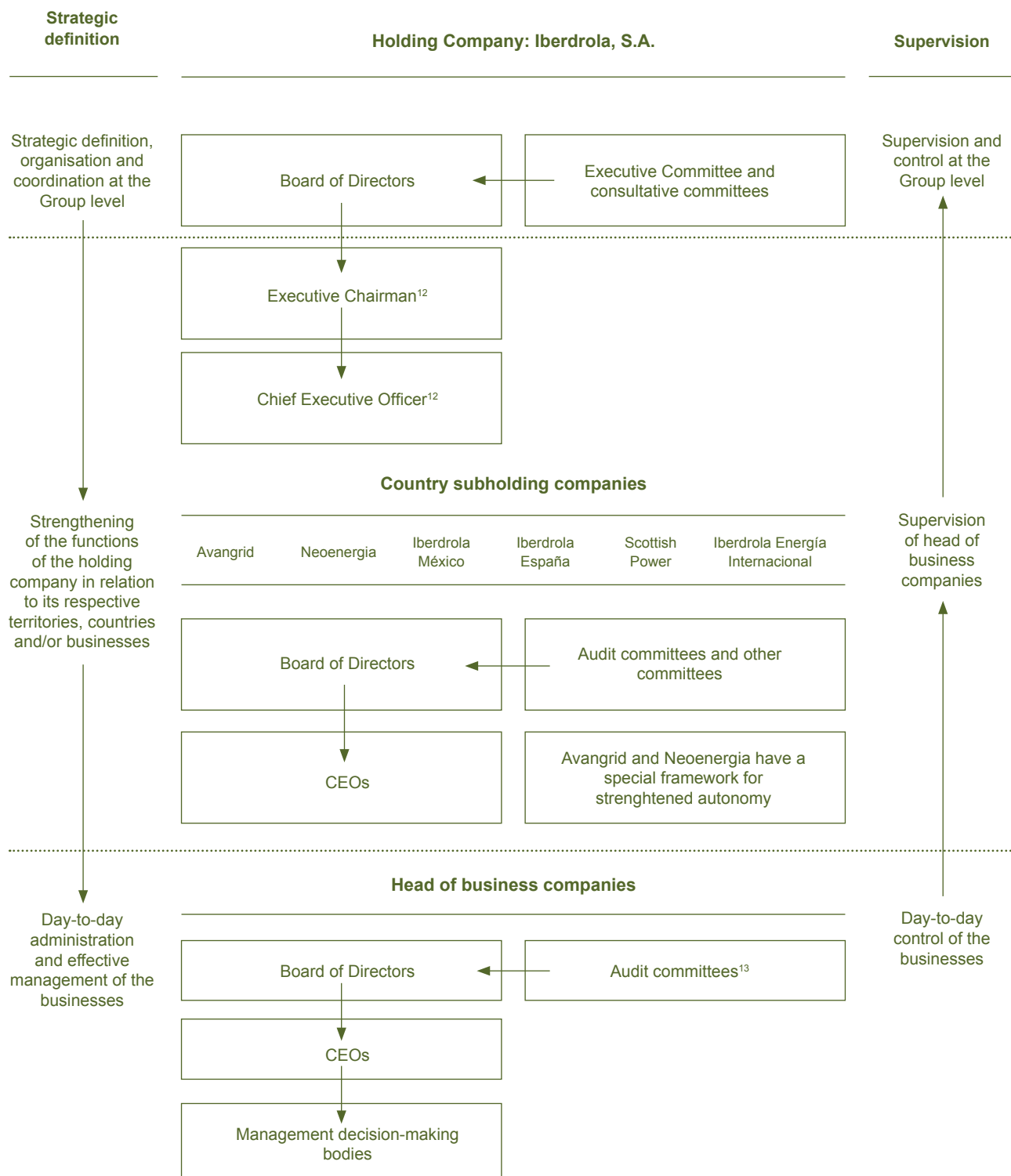


10. Annexes



10.A Corporate and governance structure

Corporate and governance structure of the Iberdrola Group



¹² The chairman of the Board of Directors and the chief executive officer are technically supported by the Operating Committee and the management team in the performance of their respective strategic supervisory, organisational and coordination duties at the Group level.

¹³ In the case of regulated head of business companies.

10.B Shareholder engagement report

Iberdrola, S.A. 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.

General Shareholders' Meeting	
Quorum and results	Iberdrola, S.A. held the General Shareholders' Meeting on 17 June 2022 in hybrid form, combining in-person attendance and remote participation. The quorum reached was 72.13% of the share capital (22.18% present in person and 49.95% represented by proxy). All proposals were approved by a large majority.
Mechanisms for participation	The Company provides all shareholders with multiple alternatives to participate: corporate website, telephone, e-mail, post and instant messaging (WhatsApp and Telegram) channels and even the shareholder information desks which, after being closed for two years due to the COVID-19 pandemic, were reopened at several locations for the 2022 General Shareholders' Meeting. The QR code on the proxy and remote voting cards further increases the digitisation of the ballot, which is subject to external verification and the traceability of which has been reinforced in 2022 by the implementation of blockchain technology. All without affecting access to personal attention, either face-to-face or by telephone, to all shareholders who prefer to use traditional channels.
Sustainable meeting	Since 2016, the Basque Government (through its state-owned company Ihobe) and AENOR have certified that the management of General Shareholders' Meeting of Iberdrola, S.A. 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.
Incentives	As a new development, the Company established an engagement dividend of €0.005 (gross) per share payable to all shareholders entitled to participate in the General Meeting, conditional on reaching a quorum of at least 70% of the share capital. In addition to this financial incentive, which was distributed to all shareholders thanks to the high attendance level at the General Meeting, participants had the opportunity to enter a prize draw for electric bicycles (aimed at encouraging the use of web and telephone channels) and to collect a commemorative gift at the shareholder information desks.

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 1,239 people connected remotely.
Presentation of the Strategic Plan	The presentation of the new Strategic Plan 2023-2025, which was also held on ESG Day, was attended by 72 people in person and 4,519 people who watched the livestream or the recorded broadcast of the event.
Meetings with investors	In 2022, 573 meetings were held with 1,493 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	47 roadshows were organised with investors from different geographic areas (Europe, North America, Asia and Australia) and the Company participated in 53 conferences during 2022.
Webinar	During 2022, a subject-specific webinar on offshore technology was delivered, with a total of 83 analysts and investors attending remotely.



Corporate governance roadshows	<p>Roadshows were held with proxy advisors and institutional investors located in Spain, United Kingdom, United States, France, Germany, Qatar, Canada, Belgium, Norway and Japan, in order to present the latest developments in the area of corporate governance and the agenda for the General Shareholders' Meeting 2022. Contacts were made with 50 institutional investors representing 42% of the share capital overall.</p> <p>The main topics addressed at these meetings were: (i) the macroeconomic and geopolitical situation, (ii) decarbonisation targets, (iii) corporate policy and transparency on lobbying activities, (iv) the CENYT case, (v) succession of the management team, (vi) the format of the General Shareholders' Meeting, and (vii) the remuneration policy.</p>
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Engagement of retail shareholders	
Shareholder's Office	In 2022 the shareholder telephone line received 30% more calls than the previous year (18,294 calls).
Corporate website	The corporate website section for shareholders and investors recorded 396,793 visits, 3.7% more than in 2021, and represented 2.26% of the total visits to the corporate website.
Investor Relations App	<p>The number of annual downloads increased by 10% compared to 2021 and reached 2,955.</p> <p>As of today, there are currently 35,431 subscribed users (+3.9 % vs. 2021) users. Since its launch in 2013, the App has accumulated more than 280,000 visits.</p>
OLS Shareholders' Club	<p>More than 2,000 shareholders participated in in-person and remote activities. In addition, hundreds of phone calls and e-mails have been received.</p> <p>In 2022, the number of shareholders linked through the OLA Shareholders' Club increased by 17.7%. Visits to this section of the website have also increased to 71,375 and shareholders have submitted 1,550 queries.</p>
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. The "Más Cerca" ("Closer") plan has also been launched, whereby direct communications are sent more regularly to shareholders through digital channels.
Engagement campaigns	Iberdrola, S.A. 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	<p>In order to keep shareholders informed and engaged, Iberdrola, S.A. operates a platform offering audiovisual content about the Company on various media: TV, mobile devices, tablets and website, called "Shareholder NEWS". The platform makes available to the shareholders information on topical, financial, energy-related issues and on the Group's social commitment.</p> <p>During 2022, more than 100 videos have been uploaded, and 5 live events have been streamed.</p> <p>This platform is exclusively for shareholders who are duly registered.</p>
Engagement dividend	Iberdrola, S.A. is the only Ibex 35 company that has offered an "engagement dividend" at the General Meeting, whereby an additional amount is paid if a certain quorum is reached, thus encouraging true engagement of the 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.” (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 17 June 2022, 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 (the “**Iberdrola Group**”) for financial years 2022 and 2023.

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 2022.

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*, the Company 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 20 February 2023 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 2022, KPMG Auditores appeared on 16 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 16 February 2022, it submitted the preliminary results of the review of the financial statements for financial year 2021; and (ii) explained to the Committee the work performed by the statutory auditor in relation to the Company's *Climate Action Plan*.
2. At the meeting held on 21 February 2022: (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 the Company 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 2021.
3. As a consequence of the assumption by the Committee of the duties falling within 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 “**Finance Companies**”), at the meeting held on 28 March 2022 KPMG Auditores: (i) reported on the results of the audit of the financial information of the Finance 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 15 June 2022, it submitted the internal control recommendations resulting from the audit of the Company's financial information for financial year 2021.
5. At the Committee meeting held on 18 July 2022: (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 22 July 2022: (i) it submitted its analysis of the limited review of the Company's individual and consolidated financial statements for the first half of 2022; and (ii) it submitted the conclusions from its annual evaluation.
7. At the meeting held on 12 September 2022, it appeared before the Committee to reach consensus on the text of the reply to the request for information made by the National Securities Market Commission (CNMV) on various issues relating to the Company's financial information.



8. At the meeting held on 14 November 2022, it submitted its work plan and strategy for the audit of the financial statements of the Company and its group for financial year 2023, as well as those of the Finance Companies.
9. At the meeting held on 29 November 2022, it provided updated information regarding the monitoring of to the recommendations on internal control communicated to the Committee at its meeting of 15 June 2022.
10. Finally, at the meeting held on 19 December 2022, it submitted the preliminary results of the review of the financial statements for financial year 2022.

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*, it is expected that KPMG Auditores will appear at the meeting of the Company's Board of Directors to be held on 21 February 2023 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 2022.

III. Protection measures to detect threats to independence

In KPMG's Statement of Independence, 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 2022 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. 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 2022:

In thousands of euros	Iberdrola, S.A.	Subsidiaries	Total (Iberdrola Group)	Other entities ¹⁴	TOTAL
Audit services	3,392	22,891	26,283	668	26,951
Other non-audit services	1,412	1,753	3,165	27	3,192
Total audit and non-audit services	4,804	24,644	29,448	695	30,143
Other services	109	-	109	795	904
Total professional services	4,913	24,644	29,557	1,490	31,047

¹⁴ Other entities connected to the Company by a relationship of significant influence without a control relationship.



V. Audit services

Fees for audit services come to the sum of €26,283 thousand and cover the statutory audit of the financial statements of the Iberdrola Group for financial year 2022.

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 2022 and 2023 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 15 March 2022 and approved by the Company's Board of Directors on 17 March 2022.

VI. Non-audit services

The fees for the provision of non-services provided to the Iberdrola Group amount to €3,165 thousand. A breakdown of the services provided and the respective fees, included as an annex to the Statement of Independence of KPMG, is provided below:

1. €70 thousand and €20 thousand correspond to the preparation of two comfort letters for the Company and for "Iberdrola Finanzas, S.A." (Sociedad Unipersonal) ("**Iberdrola Finanzas**"), as guarantor and issuer, respectively, in the framework of an issue under the Euro Medium Term Notes (EMTN) programme in March 2022.
2. €1,249 thousand correspond to the limited review of the half-yearly financial statements of the Iberdrola Group.
3. €9 thousand correspond to the preparation for the Company of a report on procedures regarding the liquidity situation of the Iberdrola Group for the Wiking offshore wind farm, located in the Baltic Sea (Germany).
4. €9 thousand correspond to the preparation for the Company of a report on procedures regarding the liquidity situation of the Iberdrola Group for the Wiking offshore wind farm, located in the Baltic Sea (Germany).
5. €501 thousand are for the performance of regulatory audits for "i-DE Redes Eléctricas Inteligentes, S.A." (Sociedad Unipersonal) ("**I-DE**"), "Conquense Distribución Eléctrica, S.A." (Sociedad Unipersonal), and "Anselmo León Distribución, S.L." (Sociedad Unipersonal) regarding: (i) the inventory of facilities in operation prior to 1 January 2022; (ii) the facilities placed into service during financial year 2021; 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**").
6. €7 thousand arising from the limited review of the consolidated financial statements at 30 June 2022 of "Iberdrola España, S.A." (Sociedad Unipersonal) and its subsidiaries.
7. €12 thousand correspond to the limited review of the financial statements at 30 June and 30 September 2022 of "Iberdrola Generación Nuclear, S.A." (Sociedad Unipersonal).
8. €12 thousand correspond to the limited review of the financial statements at 30 June and 30 September 2022 of "Iberdrola Generación, S.A." (Sociedad Unipersonal) ("**Iberdrola Generación**").
9. €75 thousand and €20 thousand correspond to the preparation of two comfort letters for the Company and for **Iberdrola Finanzas**, as guarantor and issuer, respectively, in the framework of an issue under the Euro Medium Term Notes (EMTN) programme in June 2022.



10. €100 thousand arise from the preparation for i-DE of a report on agreed-upon procedures regarding the disclosure of investments that this company must submit to the CNMC in order to comply with the requirements set out in *Royal Decree 1125/2021 of 21 December*.
11. €13 thousand arise from 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**”).
12. €9 thousand arise from the issuance of a report on approved procedures regarding corporate services billed to the subsidiaries of “Iberdrola Renovables Energía, S.A.” (Sociedad Unipersonal).
13. €25 thousand correspond to the audit of the regulatory financial statements of “Neoenergía, S.A.” (“**Neoenergía**”) and its subsidiaries for financial year 2021.
14. €15 thousand arise from the performance of an asset control audit for financial year 2021 at Neoenergía and its subsidiaries.
15. €3 thousand corresponds to the preparation of a report for Neoenergía and its subsidiaries on the estimated cash flow procedure for financial year 2021 in connection with the distribution of dividends.
16. €10 thousand are for the preparation of reports on financial ratios in 2021 for Neoenergía and its subsidiaries.
17. €125 thousand derive from the limited quarterly review of the financial statements of Neoenergía and its subsidiaries.
18. €16 thousand correspond to the preparation for “Iberdrola Energie France, S.A.S.” of a report on agreed-upon procedures regarding the certification of non-payment of the system’s usage charges.
19. €55 thousand correspond to the preparation of an audit report on the regulatory financial statements for participating in the mechanism for recognition of the general system fees not charged to end customers established by the Italian regulator *Autorità di Regolazione per Energia Reti e Ambiente* (“**ARERA**”), for “Iberdrola Clienti Italia, S.R.L.” (“**Iberdrola Clienti**”).
20. €57 thousand arise from the audit of the regulatory financial statements of Iberdrola Clienti for financial year 2021, prepared in accordance with the standards established by ARERA.
21. €28 thousand correspond to the audit of the segmented consolidated statements of “Scottish Power Limited” and its subsidiaries in accordance with the standards established by the British regulator *Office of Gas and Electricity Markets* (“**Ofgem**”).
22. €20 thousand arise from the regulatory audit prepared for Ofgem of electricity distribution assets for “SP Manweb, Plc.”, “SP Transmission, Plc.” and “SP Distribution, Plc.”.
23. €15 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.”.
24. €275 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**”) for “Avangrid, Inc.” (“**Avangrid**”).
25. €128 thousand correspond to the preparation of a comfort letter and a consent letter for Avangrid within the framework of the debt issue by “New York State Electric & Gas Corporation” (“**NYSEG**”), including a limited review of the interim financial statements of NYSEG for financial year 2021.
26. €19 thousand correspond to the cooperation in the review of documentation as a consequence of the change of auditor at Avangrid.
27. €165 thousand corresponds to the review of the tax status of the taxpayer in accordance with the provisions of Mexican law. Service provided to “Iberdrola México, S.A. de C.V.” and its subsidiaries.



28. €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.
29. €95 thousand are for the verification of certain tax information for the company “C. Rokas Industrial Commercial Company, S.A.” and its subsidiaries.
30. €6 thousand corresponds to the preparation of a report submitted to the Australian financial services regulator *Australian Financial Services License* regarding financial statements and internal control, for “Iberdrola Australia RE, Ltd.” (formerly known as “Infigen Energy RE, Ltd.”).

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 the Company 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 Statutory Auditor.

Finally, in KPMG’s Statement of Independence, the Statutory Auditor states as follows in relation to the provision of non-audit services:

- a. *“We do not participate in the decision-making process of the entities purchasing the services”.*
- b. *“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”.*
- c. *“Based on the content and regulation of the services, no threat to the independence of the auditors is identified”.*

VII. Other services

During financial year 2022 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 2021 under International Standard on Assurance Engagements 3000 (“**ISAE 3000**”) for the Company, in the amount of €108,586. As regards KPMG’s 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. Advisory service regarding the provisions contained in the International Financial Reporting Standards, provided to an entity connected by a non-controlling relationship domiciled in Spain, in the amount of €226,324. In this respect, KPMG’s Statement of Independence declares 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. *“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”.*
4. Advisory service regarding the initial listing on the NASDAQ trading index, provided to an entity connected by a non-controlling relationship domiciled in the Netherlands, in the amount of €307,820. KPMG Auditores states as follows:
 - 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 is not considered to be significant”.*
 - d. *“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”.

5. Advisory service regarding the provisions of stock option plans for the employees of an entity connected by a non-controlling relationship domiciled in Spain, in the amount of €11,340. In this regard, in KPMG's Statement of Independence, the Statutory Auditor states 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 of the valuation of the stock option plans that the contracting entity offers to its employees and that this plan is reviewed by an auditor other than KPMG, and taking into account that the service has no significant direct or indirect impact in terms of materiality for Iberdrola, no significant threat of self-review 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”.*
6. Regulatory advice services in connection with the requirements set out in personal data protection regulations in Brazil, provided to an entity connected by a non-controlling relationship, in the amount of €20,850. 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”. 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. Advisory service regarding the process of obtaining European funds (Next Generation EU), provided to an entity connected by a non-controlling relationship domiciled in Spain, in the amount of €46,000. 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”.*
8. Financial, tax and labour due diligence service in relation to the potential acquisition of a business, provided to an entity connected by a non-controlling relationship domiciled in Spain, in the amount of €66,334. In KPMG’s Statement of Independence, the Statutory Auditor declares ‘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 of a review and description of the financial, tax and labour situation based on information provided by the target and taking into account that the object of our work does not in any case include the analysis of the impact on the financial statements of the audited entity, the threat of self-review is not considered to be significant. 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”.

9. Accounting advisory service in relation to the acquisition of two companies, provided to an entity connected by a non-controlling relationship domiciled in Spain, in the amount of €13,503. KPMG Auditores states as follows:
 - 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 the result of our advice does not have a relevant significant material regarding the financial statements of Iberdrola, and taking into account neither this result nor the financial statements of the contracting entity or other accounting documents used as a basis for preparation thereof are reviewed within the context of the audit of Iberdrola”, no significant self-review threat is identified. In addition, the evaluation of this threat has taken into account that the contracting entity is audited by a firm other than KPMG and is ultimately responsible for the proper accounting treatment and presentation of its financial information”.*
10. Accounting advisory service for testing certain internal controls, provided to an entity connected by a non-controlling relationship domiciled in Spain, in the amount of €28,560. 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 of testing a number of controls previously designed and implemented by the contracting entity, the result of which is the proposal of recommendations for its consideration, that these controls will be reviewed by an audit firm other than KPMG, and that our advice does not in any case involve the design of Iberdrola’s internal controls, which are not interrelated with those of the contracting 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 contracting entity, nor the accounting documents used as a basis for preparation thereof are reviewed within the context of the audit of Iberdrola”.*



11. Gap analysis of the current risk management process, provided to an entity connected by a non-controlling relationship domiciled in Brazil, in the amount of €30,110. In relation with this service, KPMG Auditores states as follows:
- 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 consists of performing a gap analysis of the current risk management process against international standards (COSO ERM and ISO 31000), the result of which is the proposal of recommendations at the operational level of the current process, with the contracting entity being responsible for carrying them out, and taking into account that our work does not have an impact or affect the internal controls or processes related to the financial information of Iberdrola, which are not interrelated with those of the contracting entity, no significant threat of self-review has been 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 its financial statements, nor the accounting documents used as a basis for preparation thereof are reviewed within the context of the audit”.*
12. Analysis of financial and operational performance, provided to an entity connected by a non-controlling relationship domiciled in Brazil, in the amount of €44,275. The Statutory Auditor states 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 of performing an analysis of the current financial and operational performance indicators defined by the contracting entity with respect to a benchmark thereof at other companies in the industry, the result of which is the preparation of proposals for the consideration of the contracting entity, and taking into account that in no case does the result of our advice have an impact on the information that serves as a basis for the preparation of the financial statements or other accounting documents of the authorising entity, no significant threat of self-review is identified. Moreover, in addition to the statements included in the preceding paragraph, it should be taken into account 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 contracting entity, nor the accounting documents used as a basis for preparation thereof are reviewed within the context of the audit of Iberdrola”.*



Furthermore, in connection with all of the services described in this section, KPMG Auditores has declared in KPMG's Statement of Independence that:

"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 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 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".

Furthermore, 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 this regard, in KPMG's Statement of Independence, the Statutory Auditor stated as follows in this regard:

"We confirm to you that the fees paid by the Company to KPMG Auditores, S.L. during the annual financial year ended 31 December 2022 for all items do not exceed fifteen per cent of its total income during the annual financial year ended 30 September 2022".

VIII. 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 the General Shareholders' Meeting of the Company 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 Auditores 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. Along these lines, on 17 June 2022, upon a prior proposal of the Company's Board of Directors, the shareholders acting at the General Shareholders' Meeting resolved to re-elect KPMG Auditors as auditor of the separate and consolidated annual financial statements of the Company for financial years 2022 and 2023.

As regards the audit of the annual financial statements of the Company and its consolidated group for financial year 2022, the audit report will be signed by Mr David España Martín 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*.

IX. 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., one professional by Iberdrola, S.A. Renovables Internacional, S.A.U. and one professional by Iberdrola, S.A. Australia Limited”*.

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 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 14 November 2022”.

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.

C. Conclusion

In light of the foregoing, the Committee finds that during financial year 2022 KPMG Auditores performed its audit work with independence from the Company 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 Company’s Governance and Sustainability System and the *Good Governance Code of Listed Companies*.



10.D Report on Related-Party Transactions with Directors and Significant Shareholders

During financial year 2022, the Audit and Risk Supervision Committee, within the scope of its duties, submitted several reports to the Board of Directors on: (i) the renewal of the lines of transaction in force as at 20 July 2021 and compliance with the conditions set by the Board of Directors when approving them; and (ii) compliance of delegated standardised related-party transactions with the requirements set forth in Article 11.1 of the *Procedure for Related-Party Transactions with Members of Senior Management, Delegated Related-Party Transactions and Lines of Related-Party Transactions*.

The preparation of the aforementioned reports is the result of the internal procedure for regular reporting and monitoring of these types of transactions required for this purpose by Section 529 *duovicies* of the Companies Act, the purpose of which is to verify the fairness and transparency of these types of transactions and compliance with applicable legal requirements.

Conflicts of interest in which directors are involved are disclosed in the notes to the annual financial statements, in accordance with Section 229 of the Companies Act.

