



# **GENERAL SHAREHOLDERS' MEETING**

**28 April 2023**

**SUSTAINABLE  
EVENT**



## **Report of the Board of Directors**

**Ratification of appointment and re-election  
of directors**



## MASTER REPORT OF THE BOARD OF DIRECTORS OF “IBERDROLA, S.A.” REGARDING THE PROPOSED RATIFICATION OF THE APPOINTMENT AND RE-ELECTION OF DIRECTORS INCLUDED IN ITEMS 15 TO 20 ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING

### 1. Object of the report

This explanatory report has been prepared by the Board of Directors of “Iberdrola, S.A.” (the “**Company**”) in accordance with the provisions of Section 529 *decies* of the *Companies Act (Ley de Sociedades de Capital)* in relation to the following proposals being submitted to the shareholders at the General Shareholders' Meeting:

- the re-election of Ms María Helena Antolín Raybaud as a director under the category of other external director (item 15 on the agenda for the General Shareholders' Meeting);
- the ratification of the appointment on an interim basis (co-option) and re-election of Mr Armando Martínez Martínez as a director under the category of executive director (item 16 on the agenda for the General Shareholders' Meeting);
- the re-election of Mr Manuel Moreu Munaiz as a director under the category of independent director (item 17 on the agenda for the General Shareholders' Meeting);
- the re-election of Ms Sara de la Rica Goiricelaya as a director under the category of independent director (item 18 on the agenda for the General Shareholders' Meeting);
- the re-election of Mr Xabier Sagredo Ormaza as a director under the category of independent director (item 19 on the agenda for the General Shareholders' Meeting); and
- the re-election of Mr José Ignacio Sánchez Galán as a director under the category of executive director (item 20 on the agenda for the General Shareholders' Meeting).

With regard to the proposals regarding the re-election of Mr Manuel Moreu Munaiz, Ms Sara de la Rica Goiricelaya and Mr Xabier Sagredo Ormaza as independent directors of the Company, the Board of Directors has taken into account the conclusions contained in the corresponding proposals from the Appointments Committee dated 9 March 2023, which are attached as annexes to this report, which concludes by proposing the re-election of the three candidates.

The Board of Directors also agrees with the conclusions of the favourable reports issued by the Appointments Committee on 9 March 2023, which are attached as annexes to this document, regarding the re-election of Ms María Helena Antolín Raybaud with the classification of “other external” director and of Mr José Ignacio Sánchez Galán as an executive director, as well as regarding the ratification of the appointment on an interim basis (co-option) of Mr Armando Martínez Martínez and his re-election as an executive director.

The aforementioned proposals and reports from the Appointments Committee contain the information required by Article 14.2.d) of the *Regulations for the General Shareholders' Meeting* regarding each of the candidates and fall within the selection criteria, particularly skills, knowledge and experience, defined by the aforementioned committee, which also examines the



appropriateness of each re-election prior to the end of the term for which a director was appointed and, if relevant, evaluates the quality of their work and dedication to the position during the preceding term of office.

Furthermore, as regards the proposed re-election of Mr José Ignacio Sánchez Galán, the Appointments Committee resolved to request a report from "PricewaterhouseCoopers Asesores de Negocio, S.L." ("**PwC Asesores**") to analyse his potential re-election as a director. The Board of Directors concurs with the conclusions contained in the aforementioned report prepared by PwC Asesores, which are reproduced in summarised form later in this document, and which highlight the track record of Mr Sánchez Galán, supported by the market and the shareholders, and the strong performance of the Company during his last term of office starting in 2019, as well as his critical skills to confront the forthcoming strategic challenges stemming from the Company's current environment.

Therefore, with the advice of the Appointments Committee, the Board of Directors finds that the process of re-election of the candidates does not suffer from implicit bias that might entail any kind of discrimination.

In addition, the proposals submitted to the shareholders at the General Shareholders' Meeting, considered as a whole, strengthen the high level of independence of the management decision-making body as well as the diversity of skills, knowledge, experience, origin, nationality, age and gender in accordance with the Sustainable Development Goals (SDGs) approved by the United Nations (UN), particularly goal five relating to the empowerment of women, which enables the Board of Directors to better perform the duties entrusted thereto. In particular, the proposals would maintain the presence of directors with six nationalities and, in terms of gender diversity, the balanced presence of women and men (50/50 distribution of external directors of each gender and no gender with a representation of less than 42.86% of the total number of members of the Board of Directors). In addition, the percentage of women in the governing body would remain at 42.86%.

Furthermore, the Board of Directors would be composed of fourteen directors, two of whom would be classified as executive (14.29% of the total number of directors), ten of whom would be classified as independent (71.43% of the total) and two of whom would be classified as other external (14.29% of the total), with a large majority of external directors (85.71% would be external (non-executive) directors, as opposed to 14.29% who would be classified as executive directors).

## 2. Governance model, checks and balances and separation of executive duties within the Company

The Company is the controlling entity of a multinational group that is diversified and efficiently organised and coordinated for the best development of the corporate object and the achievement of the corporate interest (the "**Group**").

The *By-Laws* of the Company define the corporate and governance structure of the Group, which is further developed in the *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation* approved by the Board of Directors, and which is integrated into the Company's Governance and Sustainability System and into the governance and sustainability systems of the other companies of the Group.

This corporate and governance structure is inspired by: (i) the principle of "subsidiarity", which pursues a balance between decentralised management of the companies of the Group and the exploitation of synergies arising from belonging to the Group; and (ii) respect for the corporate autonomy of the companies that comprise it, which must do business in accordance with the highest



ethical standards and in compliance with the good governance recommendations generally recognised in international markets, adjusted to their needs and particularities.

The corporate structure comprises “Iberdrola, S.A.”, which is configured as a listed holding entity, the main function of which is to act as the owner of the equity interests of the country subholding companies, which in turn group together the equity stakes in the head of business companies. Based on this corporate organisation, the governance structure is governed by principles that differentiate the duties of strategic definition and supervision belonging to the Company, on the one hand, and those of day-to-day administration and effective management attributed to the head of business companies, with the country subholding companies being responsible for strengthening the function of strategic supervision, organisation and coordination in relation to the territories, countries or businesses decided by the Company's Board of Directors.

Each of these companies has its own legal personality, assets and governing bodies and is organised through its respective board of directors, which appoints the corresponding chief executive officers and assigns them the duties to be performed, and through its management decision-making bodies, and it may also have audit committees, internal audit areas and compliance divisions or units.

This corporate and governance structure, which is intended to foster an agile and autonomous decision-making process by the companies of the Group, operates jointly with the Business Model, which allows the global integration of the businesses, seeks to achieve maximum operational efficiency of the various units, and ensures the dissemination, implementation and monitoring of the overall strategy, the basic management guidelines established for each of the businesses, and best practices.

This Business Model combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms that ensure the global integration of the businesses carried out by the companies making up the Group, all based on a system of checks and balances that prevents management power from being concentrated within a single governance body or a single person.

The composition of the Board of Directors, the configuration of its positions, the existence of consultative committees, together with the corporate and governance structure and the Business Model described above articulate a system of checks and balances ensuring that none of the executive chairman, the chief executive officer or the Executive Committee has a decision-making power that is not subject to appropriate controls and balances, ensuring that they are under the effective supervision of the Board of Directors, which will adopt the measures required in this regard.

As stated, this system of checks and balances is based, in particular:

- (i) On the composition of the Board of Directors, which is a benchmark in terms of independence, refreshment and diversity, the result of a pioneering transformation process initiated almost two decades ago.

As guaranteed in the *By-Laws*, it has a large majority of independent directors, which has been strengthened over the last ten years, positioning the Company at the forefront of this area. In 2003, the Company had 48% independent directors, in 2012, this figure increased to 65%, and the board is currently composed of a considerable majority of independent directors, 10 of its 14 members, representing 71% of the total number of directors, which is above the average of 55% for Ibex 35 companies.



As a result of the process of continuous refreshment that started almost 20 years ago, 57% of the directors have served for less than five years, compared to 53% on average for Ibex 35 companies.

Furthermore, the Board of Directors is today a leader in the diversity of its members in terms of origin, gender, knowledge, skills and experience. It has members of six nationalities (from Spain, Italy, Brazil, France, the United States of America and Great Britain), in line with the international scope of the Group and as a result of a process of internationalisation that began in 2009 with the appointment of a British director, with 29% of the directors currently being of international origin compared to the 23% average at Ibex 35 companies.

Since the first appointment of a woman to the Board of Directors in 2006, the Company has continued to make progress in a renewal process committed to gender equality that has led to the current balanced presence of women and men, which is reflected in the fact that each gender represents 50% of the total number of external directors and none of them has a representation of less than 42.86% of the total number of members of the management decision-making body, with the percentage of women (42.86%) also exceeding the figure set out in the recommendation of the *Good Governance Code of Listed Companies* and in *Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures*, as well as the average of Ibex 35 companies (37%).

In terms of the diversity of knowledge and skills of members of the Board of Directors, 71% of board members have a business or economics and finance background, 43% have a legal background, 29% have an engineering background and 14% have a humanities background.

For the proper performance of the duties of a director, the Company provides all directors with the necessary information and promotes access by all directors to extensive training materials and sessions that allow for the continuous updating and reinforcement of their knowledge and skills and which respond to the need for professionalisation, diversification and qualification of the members of the management decision-making body.

- (ii) On the configuration of positions within the Company's governance body:
- a) With a lead independent director as a counterweight, who has been assigned enhanced duties that go beyond what is provided by law and are in line with the recommendations of the *Good Governance Code of Listed Companies* and with best practices in this area (i.e. chairing the meetings of the Board of Directors in the absence of the chair and vice-chairs; participating with the chair in planning the annual calendar of meetings of this corporate decision-making body and in preparing the agenda for each meeting; reflecting the concerns of the non-executive directors; maintaining contacts with shareholders and proxy advisors, and leading any process of succession of the chair of the Board of Directors; in addition to the duties assigned thereto by law).

The role of the lead independent director is also reinforced by serving at the same time as the first vice-chair of the aforementioned governance body, the chairman of the Remuneration Committee of the Company and a member of the Executive Committee.



- b) With the existence of two non-executive vice-chairs, both qualified as independent, which strengthens the Company's checks-and-balances mechanisms and prevents any possible risk of a temporary power vacuum within the Board of Directors.
- c) As from 25 October 2022, with the separation of the positions of chairman and chief executive officer within the Company.

Until that time, the holding of both positions by Mr José Ignacio Sánchez Galán resulted in excellent economic and financial performance and enabled the Company to cement a business model capable of generating sustainable value for its shareholders, as reflected in the key financial and non-financial indicators.

Following the separation of the aforementioned positions, the chairman of the Board of Directors assumes all duties not expressly assigned to the chief executive officer and those areas, divisions and positions that do not report thereto or to other specific bodies report to the chair.

As regards duties relating to the structuring of the activity by business, the chief executive officer is responsible for coordinating the businesses of the companies of the Group as the person with overall responsibility for all of them (without prejudice to the powers of supervision of the country subholding companies and those of day-to-day administration and effective management of the head of business companies), and the directors of the businesses report directly thereto. Due to the structuring of business activities by geographic area, the chief executive officers of country subholding companies, among others, who report hierarchically to their boards of directors, are subordinate to the chief executive officer, and, in the case of listed country subholding companies, with full respect for the special framework of enhanced autonomy given thereto by the Governance and Sustainability System.

The chief executive officer also reinforces and facilitates the exercise of the powers vested in the chairman of the Board of Directors, to whom the chief executive officer reports. The chief executive officer reports to the executive chairman for this purpose.

The chief executive officer also reports to the Board of Directors and regularly submits the management report thereto, presenting any proposed decisions regarding the matters within their purview.

- (iii) On the consultative committees of the Board of Directors, made up of a majority of independent directors and chaired by directors from that category, with the Audit and Risk Supervision Committee and the Sustainable Development Committee made up entirely of directors classified as independent directors.
- (iv) On the corporate and governance structure of the Group, designed such that management power is not centralised within a single governance body or a single person, with the existence of executive checks and balances through the figures of the chief executive officers of the country subholding and head of business companies.

The Board of Directors believes that this system of effective checks and balances, defined and described in the Company's Governance and Sustainability System in the context of the aforementioned corporate and governance structure, effectively differentiates the supervisory and





management functions and ensures the cohesion of strategic coordination and organisation at the Group level with the effective coordination of the businesses of the Group's companies, in all territories and countries in which they operate, with the Company's Board of Directors maintaining responsibility for approving strategic objectives at the Group level, the definition of its organisational model, and the supervision of compliance therewith and the development thereof.

With the separation of the positions of chair and chief executive officer within the Company, together with the retention of the management team, there is a continuation of a path of success and excellence that the Board of Directors believes is the most appropriate to ensure that the 2023-2025 Strategic Plan is achieved, taking into account factors including the following: (i) the size achieved by the Company with the leadership of Mr José Ignacio Sánchez Galán; (ii) the considerable current uncertainty in the energy sector as a result of various macroeconomic risks in the short and medium term; (iii) the current strategy of the Group, which recently began implementing a new strategic plan; and (iv) the complex international political and economic environment affecting the territories and countries in which the companies of the Group operate. Moreover, the continuity of the current management team, which has demonstrated its resiliency, excellent track record and that its skills are suited to the future context and environment, would provide security to the Company's shareholders, reducing potential risks associated with a change of leadership.

This, together with the in-depth knowledge of the Group and the businesses carried out by the companies that comprise it, the global vision of the Company's strategy, and the extensive professional experience of the people who perform the highest executive duties within the Company, guarantees the successful development of the business enterprise at the Group level, which transcends financial aspects and is capable of generating sustainable value for all its Stakeholders.

All of the foregoing is backed by external recognition of the Company's good governance, which shows that the Company has the most advanced corporate governance practices, particularly in the areas of transparency, appointment of directors, remuneration, risk supervision and control of conflicts of interest.

The Board of Directors and its committees are subject to an annual external evaluation to confirm the proper operation thereof and their alignment with the highest corporate governance standards. This has led to an average rate of 99% compliance with the indicators evaluated over the last four years (400 indicators).

This evaluation exercise is supported by the various corporate governance awards given to the Company and by the achievement in 2022 of one of the highest ratings in the ISS QualityScore, ISS ESG Corporate Rating and Dow Jones Sustainability Index indices.

The effectiveness of the governance model has also been supported by the Company's shareholders, who have approved the management of the Board of Directors by an overwhelming majority at the last four general meetings, with average voting support exceeding 98% in favour, within a context of high participation, and a high level of attendance with an average of 72% of the share capital attending the general meetings held from 2019 to 2022 (which is significant taking into account the proportion of minority shareholders of the Company). This engagement of the shareholders in the life of the Company is the result of the two-way interaction that the Company encourages with the holders of its shares as a measure of transparency and to ensure the proper functioning of the General Shareholders' Meeting, among other things. In 2015 the Company was the first Spanish company, and one of the first worldwide, to approve a shareholder engagement policy in order to reinforce the role of its shareholders as a key element of its corporate governance,



fostering their effective engagement to ensure the alignment of their interests with those of the Company.

### **3. Competence, experience and merits of Ms María Helena Antolín Raybaud, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting**

The competence, experience and merits of Ms María Helena Antolín Raybaud, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the report of the Appointments Committee attached to this document.

Based on the information set out in the aforementioned report of the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has very favourably assessed the candidate's extensive experience and professional background at the Antolín group, and particularly her knowledge of domestic and international business management and in the energy sector.

She also has in-depth and well-versed knowledge of the Group and of the businesses run by the companies thereof, particularly developed during her terms of office as a director of "Iberdrola Renovables, S.A." and of the Company and as a member of some of the committees of the boards of directors of companies of the Group, which positions Ms Antolín Raybaud as a suitable candidate to continue holding the position of director of the Company and will enable her to continue to contribute very positively to the operation of this corporate decision-making body.

The Board of Directors has also taken into account the good results obtained by Ms María Helena Antolín Raybaud in the regular evaluations of the candidate's performance as a director of the Company.

The candidate has been proposed based on the personal and professional qualities thereof. Ms Antolín Raybaud will continue to belong to the category of other external director as a period of more than twelve years has passed since her first appointment as a director of the Company.

### **4. Competence, experience and merits of Mr Armando Martínez Martínez, the ratification of whose interim appointment (co-option) and re-election as a director are submitted to the shareholders at the General Shareholders' Meeting**

A detailed description of the competence, experience and merits of Mr Armando Martínez Martínez, the ratification of whose interim appointment (co-option) and re-election as a director are submitted to the shareholders at the General Shareholders' Meeting, is set out in the report of the Appointments Committee attached to this document.

Based on the information set out in the aforementioned report of the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has very favourably assessed his extensive experience and in-depth and well-versed knowledge of the activities and operations of the Group and particularly of the domestic and international businesses run by the companies thereof, which Mr Martínez Martínez has acquired over the course of his professional career at the Group as a member of senior





management and the management team, and as a director of various companies. In particular, Mr Armando Martínez Martínez has been Business CEO, Director of the Networks Business and of the Global Liberalised Business, general manager and director of generation of "Iberdrola México, S.A. de C.V.", and chair of the boards of directors of "Iberdrola España, S.A." (Sociedad Unipersonal), "Iberdrola Redes España, S.A." (Sociedad Unipersonal), "Scottish Power Energy Networks Holdings Ltd.", "Avangrid Networks, Inc.", "Neoenergia Distribuicao Brasilia S.A.", "Iberdrola Clientes, S.A." (Sociedad Unipersonal), "Scottish Power Retail Holdings Ltd." and "Iberdrola México Energía S.A. de C.V."

The Board of Directors has also taken into account the good results obtained by Mr Martínez Martínez in the evaluation of his performance as a director of the Company since his appointment on 25 October 2022.

The candidate has been proposed because of his personal and professional qualities and he would continue to belong to the category of executive director, taking into account the executive duties that he will continue to perform at the Company.

The foregoing, as well as the reasons offered by the Appointments Committee for the ratification of the appointment of Mr Martínez Martínez and his re-election as a director of the Company, which are reflected in the attached report and which this body adopts as its own, lead the Board of Directors to consider the ratification of the appointment and re-election of Mr Armando Martínez Martínez as an executive director of the Company justified and appropriate, on the conviction that his re-election will provide ongoing continuity to the management of the Company.

It should also be noted, as stated by the Appointments Committee, that the reasons set out in the attached report and particularly the skills and experience of Mr Martínez Martínez, his global view of the Company's strategy, his ability to continue contributing very positively to the operation of the Board of Directors and the continued presence of a profile that is very valuable due to his extensive knowledge of the Company and the other companies of the Group, and particularly of its businesses, support the proposed ratification of the appointment and re-election of Mr Armando Martínez Martínez.

## **5. Competence, experience and merits of Mr Manuel Moreu Munaiz, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting**

The competence, experience and merits of Mr Manuel Moreu Munaiz, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the proposal of the Appointments Committee attached to this report.

Based on the information set out in the aforementioned proposal of the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has very favourably assessed the candidate's professional knowledge and experience in industrial engineering, and particularly in new technologies in the energy sector, as well as his proven business and entrepreneurial skills, which he has developed as a member of the boards of directors and committees of companies in various sectors, including energy, among other activities.

He also has in-depth and well-versed knowledge of the Group and of the businesses run by the companies thereof, particularly developed as a director of "Iberdrola Renovables, S.A." and of the



Company and as a member of some of its committees, which positions Mr Moreu Munaiz as a suitable candidate to continue holding the position of director of the Company and will enable him to continue to contribute very positively to the operation of this corporate decision-making body. Specifically of note is the experience Mr Manuel Moreu Munaiz has acquired as a member of the Company's Remuneration Committee.

The Board of Directors has also taken into account the good results obtained by the candidate in the regular evaluation of the candidate's performance as a director of the Company.

Mr Manuel Moreu Munaiz has been proposed based on the personal and professional qualities thereof. In particular, the Appointments Committee has verified that the candidate can perform the duties thereof without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus making the candidate deserving of the classification of independent director.

#### **6. Competence, experience and merits of Ms Sara de la Rica Goiricelaya, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting**

The competence, experience and merits of Ms Sara de la Rica Goiricelaya, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the proposal of the Appointments Committee attached to this report.

Based on the information set out in the aforementioned proposal of the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has very favourably assessed the candidate's knowledge and experience in economics and her academic work and publications dealing with topics that are important for the Company, such as the labour market and gender equality.

She also has in-depth and well-versed knowledge of the Group and of the businesses run by the companies thereof, acquired over the course of her long professional career, and particularly as a director of "Iberdrola España, S.A." (Sociedad Unipersonal) and as a member of the Company's Board of Directors and of some of its committees, which positions Ms de la Rica Goiricelaya as a suitable candidate to continue holding the position of director of the Company and will enable her to continue to contribute very positively to the operation of this corporate decision-making body.

The Board of Directors has also taken into account the good results obtained by the candidate in the regular evaluations of the candidate's performance as a director of the Company.

Ms Sara de la Rica Goiricelaya has been proposed based on the personal and professional qualities thereof. In particular, the Appointments Committee has verified that the candidate can perform the duties thereof without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus making the candidate deserving of the classification of independent director.



## **7. Competence, experience and merits of Mr Xabier Sagredo Ormaza, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting**

The competence, experience and merits of Mr Xabier Sagredo Ormaza, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the proposal of the Appointments Committee attached to this report.

Based on the information set out in the aforementioned proposal of the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has very favourably assessed the candidate's knowledge and extensive experience in the financial and corporate social responsibility sectors, which will enable Mr Xabier Sagredo Ormaza to continue to contribute a comprehensive view of this key sector for the Company and the other companies of the Group.

He also has in-depth and well-versed knowledge of the Group and of the businesses run by the companies thereof, acquired over the course of his long professional career, and particularly as a director of "Iberdrola Generación, S.A." (Sociedad Unipersonal), "Iberdrola Distribución Eléctrica, S.A." (Sociedad Unipersonal) and the Company, and as a member of some of the committees of the boards of directors of companies of the Group, including the Company, which positions Mr Sagredo Ormaza as a suitable candidate to continue holding the position of director of the Company and will enable him to continue to contribute very positively to the operation of this corporate decision-making body.

The Board of Directors has also taken into account the good results obtained by the candidate in the regular evaluation of his performance as a director of the Company.

Mr Xabier Sagredo Ormaza has been proposed based on the personal and professional qualities thereof. In particular, the Appointments Committee has verified that the candidate can perform the duties thereof without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus making the candidate deserving of the classification of independent director.

## **8. Competence, experience and merits of Mr José Ignacio Sánchez Galán**

### **8.1 Report issued by an independent expert**

As provided in its work schedule, the Appointments Committee asked PwC Asesores, an independent internationally recognised expert in corporate governance, to prepare a report analysing the proposed re-election of Mr José Ignacio Sánchez Galán as an executive director of the Company. This committee found that the possible re-election of the chair of the Board of Directors was a matter of the utmost strategic importance for the Company, meaning that it required an external and independent opinion, and it therefore resolved to request a report to this effect.

On 9 March 2023, in response to the request from the Appointments Committee, PwC Asesores issued a report analysing the re-election of the executive chairman based on the aspects it deemed most significant. The aforementioned report is structured in three segments: (i) performance of the Company with respect to comparable energy companies and recognition of the management by the market during the chairman's last term; (ii) value of the management



team in the current and expected future strategic context of the Company; and (iii) good governance in relation to application of the Governance and Sustainability System.

In addition, the report analysed the corporate and governance structure of the Group, the fundamental lines of which were approved by the shareholders at the General Shareholders' Meeting with a large majority of votes in favour, to verify that it complies with the effective separation of the functions of strategic definition and supervision and those of administration and management, that it has the mechanisms and conditions to ensure the proper functioning of the Board of Directors, and particularly to strengthen its independence to implement the supervisory function, and that there are checks and balances that avoid the possible risks associated with the accumulation of powers within a single person or body, particularly noting the division of the roles of executive chairman and chief executive officer as from October 2022.

In summary, the report, the contents of which can be viewed on the Company's corporate website, concludes as follows:

- a) Throughout the executive chairman's last term of office starting in 2019, the Company's excellent performance has outperformed the market and comparable companies selected for the analysis, showing the success of the strategy and management during the period in which Mr Sánchez Galán has held his position.
- b) Within a complex industry context, the market recognises the Company's potential to create future value and perceives the Company's management team to be an element of added value in meeting future strategic challenges.
- c) The Company's Governance and Sustainability System has tools that guarantee separation between the duties of strategic definition and supervision and those of day-to-day administration and management, ensure the diligent and rigorous operation of the Board of Directors, and mitigate the risks associated with a potential concentration of power.

The report of PwC Asesores confirms based on these conclusions that the proposed re-election of Mr José Ignacio Sánchez Galán as an executive director is supported by the solid performance of the Company during the period from 2019 to 2022, the majority support for management by shareholders and the market, as well as the strategic context of the Company and the track record and critical skills of the chairman of the Board of Directors to meet the strategic challenges ahead.

In addition to the above, the aforementioned report also points out that the Company has a corporate and governance structure that effectively separates the duties of strategic definition and supervision from those of day-to-day administration and management, and, through the checks and balances available to it, including the independence of the Board of Directors and the separation of duties between the chairman and the chief executive officer, mitigates the risks associated with a possible concentration of powers within a single governance body or person.

## 8.2 Competence, experience and merits of Mr Sánchez Galán

### a) Competence: results of annual evaluations

The performance of the chairman of the Board of Directors has been annually rated as outstanding, following a demanding evaluation process established in the Governance



and Sustainability System, with the help of PwC Asesores in its capacity as a prestigious independent external advisor.

These evaluations have highlighted the management carried out in a context that is complex for the industry, which has resulted in an excellent economic and financial performance and high returns, the strengthening of a business model capable of generating sustainable value for the Company's shareholders, and outstanding stock market performance by the Company's shares. The evaluations have also noted the chairman's dedication to the Company, his successful strategic vision and his great capacity to lead a proven management model, as well as the achievement of established targets, adopting the measures that best suit the corporate interest at all times.

#### **b) Experience and merits**

The financial indicators for the boundaries of the Group objectively show the good performance of the Company's business model under the leadership of Mr Sánchez Galán.

As described in the report prepared by PwC Asesores, Mr José Ignacio Sánchez Galán has amply demonstrated the wisdom of his strategic vision, as well as his ability to lead a successful management model, having tripled the value of the shares since his appointment in 2001, among other achievements.

In addition, his outstanding track record has continued during the current management period that started in 2019, in which he has continued to demonstrate a deep commitment to meeting strategic objectives and has been recognised for his management in several prestigious rankings, including the following: (i) in the "CEO 100" ranking produced by Harvard Business Review in 2019, he was selected as one of the five "Best-Performing CEOs in the World", in addition to being ranked as the best CEO of companies in the energy sector; (ii) in the "Green 30 for 2020" ranking produced by Bloomberg in 2020, Mr Sánchez Galán was recognised as one of the 30 most influential leaders in the world in the fight against climate change; (iii) the chairman was one of the 100 CEOs included in Brand Finance's "Brand Guardianship Index" in 2021; and (iv) the "Best CEO" rating prepared by Institutional Investor Research Group in 2022, where Mr José Ignacio Sánchez Galán was recognised as one of the "Best CEOs" among European electric companies. In addition, in December 2022, Harvard Business School published the case study "*Iberdrola: Leading the Energy Revolution*", which examines the decisions made by the chairman over the last twenty years that have defined the Company's strategy and its leadership in clean energy.

These results show the success of the strategy defined by the Board of Directors under the stimulus and management of Mr José Ignacio Sánchez Galán, through an enterprise based on three key pillars: (i) a clear early wager on "clean" and regulated assets, which has allowed the Group to cement its position as a driving force in the energy transition; (ii) a successful plan of geographic diversification, with an expansion model focused on large markets with strong growth prospects and stable regulations, making the companies of the Group leading operators in the United States of America (where it is the second-largest operator in terms of renewable generation), continental Europe, the United Kingdom, Latin America and Australia; and (iii) a commitment to rigorous and responsible management of the business, which has led the Company to meet all of its commitments in terms of operating profit, net profit and shareholder remuneration during





the last four strategic plans.

These three pillars have been maintained and strengthened during the period from 2019 to 2022, enabling the Company to further develop a diversified, stable and profitable business while continuing with a firm commitment to the development of a responsible management model from the environmental, social and governance standpoint, incorporating environmental, social and governance (“**ESG**”) factors as an integral part of its strategy and operations.

In terms of economic and financial performance from 2019 to 2022, the Company has managed to: (i) grow its business, obtaining sustainable growth and increasing its revenues and installed renewable capacity (20% over those of its peers and 50% over those of comparable companies, respectively), with the Company currently being the leading European electric company and the second-largest in the world in terms of market capitalisation; (ii) improve its profitability, focusing on efficiency as a strategic management pillar; and (iii) increase its financial strength, preferentially supported by green financing, and which in comparative terms highlights the Company's rigorous financial management during the aforementioned period, which has led the main global rating agencies to assign it a high credit rating, which is in the upper range of the ratings frameworks and has been equal to or higher than that received by comparable companies in all cases.

The management and strategic decisions adopted have allowed the Company to consolidate a business model capable of generating sustainable value for its shareholders. The companies of the Group have received the support of the capital markets in this regard, improving its share price by more than 60% during the period from 2019 to 2022, and the Group has outperformed the global benchmark indices, demonstrating a solid model for generating shareholder value compared to other companies in the sector.

The success of the Group's enterprise over the past four years has also been able to generate sustainable value for all its Stakeholders in the ESG dimensions, through the “social dividend”, which is directly reflected in the Company's strategy and its Governance and Sustainability System:

- Environmental aspects include its pioneering wager on renewable energies and the energy transition more than two decades ago, which has enabled it to position itself as a world leader in renewable energy, its low emissions intensity (significantly below the European average), and its progress in integrating the principles of the circular economy into its business model.
- In the social sphere, the activities of the Group's companies have a major impact on the labour market in the territories and countries in which they are present, with stability being a key feature of the employment generated. The Company is also committed to the professional development of its workforce, was recognised as one of the ten best companies in the world for its integration of women by Forbes in 2021, has policies that guarantee equal pay for men and women, has high cultural diversity among its workforce, and maintains a firm commitment to the social and labour inclusion of people with disabilities and to the sustainable management of its supply chain. The Company also contributes to the creation of wealth in all the territories and countries in which it operates and to the funding of public services through its





tax contributions for the benefit of the societies in which it provides its services.

- In the area of governance, its Governance and Sustainability System, which is structured around the environmental, social and corporate governance pillars, is subject to a process of permanent review and updating, aimed at incorporating the main recommendations and best international practices in this area. This System has received global recognition, including the World Finance award for best corporate governance in Spain, which the Company has won nine times (most recently in 2022), and the award given by Ethical Boardroom to the company with the best corporate governance practices among European energy companies in 2019.

Furthermore, under the chairmanship of Mr José Ignacio Sánchez Galán, the Company's commitment to compliance and ethics at the corporate level has been recognised by the Ethisphere Institute, which has included the Company in its annual "World's Most Ethical Companies" ranking since 2014, and it is the only Spanish company included in this ranking.

Under the leadership of Mr Sánchez Galán, the Company's management team has also demonstrated that it has the critical skills to meet future challenges, including the following competencies, among others: (i) it has amply demonstrated its effectiveness in implementing the Company's strategic commitment to the energy transition and regulated assets; (ii) it has deployed operational efficiency programmes across all of the Company's divisions and regions; (iii) it has rigorously managed the balance sheet, having handled intense investment plans at the same time as maximising dividend payments to shareholders; and (iv) it has managed the regulated business with an outstanding track record in the Networks business.

Based on the foregoing, the Company continues to be recognised as having great potential to keep creating sustainable value for its shareholders in the new strategic period.

### 8.3 Conclusion

In view of all the foregoing, at its meeting held on 9 March 2023, the Appointments Committee, in accordance with the provisions of Sections 518 and 529 *decies* of the *Companies Act* and Article 5, sections d) and e) of the *Regulations of the Appointments Committee*, reported favourably on the proposed re-election of Mr José Ignacio Sánchez Galán as an executive director of the Company.

For its part, based on the foregoing and particularly taking into account the corporate interest and the conclusions of the report prepared by PwC Asesores at the request of the Appointments Committee, as well as the report issued by said committee, the Company's Board of Directors supports the re-election of Mr José Ignacio Sánchez Galán as a director of the Company and his continuation as an executive director. Therefore, it has resolved to submit to the shareholders at the General Shareholders' Meeting the re-election of Mr Sánchez Galán under the category of executive director.



## 9. Contribution of the proposed candidates to the diversity of skills, knowledge, experience, origin, nationality, age and gender within the Board of Directors

Considered as a whole, the six candidates allow for a strengthening of the diversity of skills, knowledge, experience, origin, nationality, age and gender in the composition of the Board of Directors required for the best performance of the duties thereof, in accordance with the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

On the one hand, as described in the proposals and reports of the Appointments Committee attached hereto, the six candidates have specific and appropriate knowledge to hold the position of director of the Company, a majority of them have experience in the main countries and sectors in which the Group's companies do business, and they are respectable, suitable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability and ability to commit to the duties of said position.

Furthermore, Ms Antolín Raybaud's French citizenship contributes to the diversity of origins and nationalities and her appointment together with that of Ms Sara de la Rica Goiricelaya maintains the presence of the under-represented gender on the management decision-making body and thus enhances gender diversity within the Board of Directors.

In addition, all of the candidates are upstanding professionals, whose conduct and professional track record are aligned with the principles set forth in the *Code of Ethics* and with the purpose and values of the Group established in the *Purpose and Values of the Iberdrola Group*. The Appointments Committee has also verified that none of them have directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Furthermore, the proposed re-elections of the candidates help achieve a diverse and balanced composition of the Board of Directors as a whole, based on the nature and complexity of the businesses of the Group's companies as well as the social and environmental context in which it has a presence.

Specifically, the various professional profiles and backgrounds of the candidates ensure the contribution of multiple viewpoints and guarantee an enriching debate and a decision-making process without implicit biases, and contribute very positively to the operation of the Board of Directors.

Finally, it is stated for the record that all of the candidates have sufficient knowledge of the Spanish and English languages to be able to perform their duties.

## 10. Proposed resolutions

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting in relation to the ratification of the appointment and re-election of directors and the determination of the number of members of the Board of Directors are as follows:



## **"ITEM 15 ON THE AGENDA**

### ***Re-election of Ms María Helena Antolín Raybaud as an external director***

#### **RESOLUTION**

*To re-elect Ms María Helena Antolín Raybaud as a director, after a report from the Appointments Committee, for the by-law mandated four-year term and with the classification of other external director.*

## **ITEM 16 ON THE AGENDA**

### ***Ratification and re-election of Mr Armando Martínez Martínez as an executive director***

*To ratify the appointment of Mr Armando Martínez Martínez as a director (appointed on 25 October 2022 on an interim basis (co-option) by resolution adopted by the Board of Directors, after a report from the Appointments Committee), and to re-elect him, also after a report from the Appointments Committee, for the bylaw-mandated four-year term, with the classification of executive director.*

## **ITEM 17 ON THE AGENDA**

### ***Re-election of Mr Manuel Moreu Munaiz as an independent director***

#### **RESOLUTION**

*To re-elect Mr Manuel Moreu Munaiz as a director, upon a proposal of the Appointments Committee, for the by-law mandated four-year term and with the classification of independent director.*

## **ITEM 18 ON THE AGENDA**

### ***Re-election of Ms Sara de la Rica Goiricelaya as an independent director***

#### **RESOLUTION**

*To re-elect Ms Sara de la Rica Goiricelaya as a director, upon a proposal of the Appointments Committee, for the by-law mandated four-year term and with the classification of independent director.*

## **ITEM 19 ON THE AGENDA**

### ***Re-election of Mr Xabier Sagredo Ormaza as an independent director***

#### **RESOLUTION**

*To re-elect Mr Xabier Sagredo Ormaza as a director, upon a proposal of the Appointments Committee, for the by-law mandated four-year term and with the classification of independent director.*

**ITEM 20 ON THE AGENDA*****Re-election of Mr José Ignacio Sánchez Galán as an executive director*****RESOLUTION**

*To re-elect Mr José Ignacio Sánchez Galán as a director, after a report from the Appointments Committee, for the by-law mandated four-year term and with the classification of executive director.*

**ITEM 21 ON THE AGENDA*****Setting of the number of members of the Board of Directors at fourteen*****RESOLUTION**

*To set the number of members of the Board of Directors at fourteen."*

**11. Composition of the Board of Directors**

If all proposed resolutions regarding the re-election of Ms María Helena Antolín Raybaud, Mr Manuel Moreu Munaiz, Ms Sara de la Rica Goiricelaya, Mr Xabier Sagredo Ormaza and Mr José Ignacio Sánchez Galán and the ratification of the interim appointment (co-option) and re-election of Mr Armando Martínez Martínez as directors of the Company submitted to the shareholders at the General Shareholders' Meeting under items 15 to 20 on the agenda are approved, the Board of Directors would be made up of the following fourteen members:

<b>Name</b>	<b>Position</b>	<b>Classification</b>
Mr José Ignacio Sánchez Galán	Chairman	Executive
Mr Armando Martínez Martínez	Chief Executive Officer	Executive
Mr Juan Manuel González Serna	First vice-chair and lead independent director	Independent
Mr Anthony Luzzatto Gardner	Second vice-chair	Independent
Mr Íñigo Víctor de Oriol Ibarra	Member	Other external
Ms María Helena Antolín Raybaud	Member	Other external
Mr Manuel Moreu Munaiz	Member	Independent
Mr Xabier Sagredo Ormaza	Member	Independent
Ms Sara de la Rica Goiricelaya	Member	Independent
Ms Nicola Mary Brewer	Member	Independent



Ms Regina Helena Jorge Nunes	Member	Independent
Mr Ángel Jesús Acebes Paniagua	Member	Independent
Ms María Ángeles Alcalá Díaz	Member	Independent
Ms Isabel García Tejerina	Member	Independent

In Bilbao, on 14 March 2023.



## ANNEX

### REPORT OF THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MS MARÍA HELENA ANTOLÍN RAYBAUD AS OTHER EXTERNAL DIRECTOR OF "IBERDROLA, S.A."

#### 1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of "Iberdrola, S.A." (the "**Company**"), the Appointments Committee (the "**Committee**") is responsible for reporting on proposals for the re-election of other external directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term of office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

Ms María Helena Antolín Raybaud was last re-elected as a director of the Company, for the bylaw-mandated term of four years, by the shareholders at the General Shareholders' Meeting held on 29 March 2019, having been first appointed on 26 March 2010 for a five-year term and re-elected on 27 March 2015.

Given that the term for which Ms Antolín Raybaud was appointed as a director of the Company ends during this financial year 2023, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

Therefore, the purpose of this report is to reflect the results of the work performed by the Committee regarding the potential re-election of Ms María Helena Antolín Raybaud, as well as to provide a report to the Board of Directors, for submission to a decision by the shareholders at the General Shareholders' Meeting, regarding her re-election with the classification of other external director.

#### 2. Professional profile and biographical data of the candidate

Born in Toulon (France), in 1966.

Degree in International Business and Business Administration from Eckerd College, St. Petersburg, Florida (United States), and Master in Business Administration from Anglia University, Cambridge (United Kingdom) and from Escuela Politécnica de Valencia (Spain).

##### Noteworthy experience for holding this position within the Company

Ms Antolín Raybaud was an external independent director of "Iberdrola Renovables, S.A." and a member of its Related-Party Transactions Committee from 2007 to 2010, and has also been a director of companies in the energy and industrial sectors.

She has been in charge of the corporate Industrial, Strategy, and Marketing, Communication and Institutional Relations divisions of "Grupo Antolín Irausa, S.A.", where she has also been a director of Human Resources and the head of Total Quality.





### Noteworthy experience in other industries

She has been a member of the Advisory Committee of Sabadell Urquijo Banca Privada.

### Other current positions and professional activities

She is vice-chair of the Board of Directors and member of the Management Committee of "Grupo Antolín Irausa, S.A", vice president of the Excellence in Management Club (*Club de Excelencia en Gestión*), a member of the Management Board of the Spanish Association of Automotive Equipment and Component Manufacturers (*Asociación Española de Fabricantes de Equipos y Componentes para Automoción*) (Sernauto), a member of the Madrid and Central Spain Territorial Advisory Board of Sabadell Urquijo Banca Privada, a member of the Executive Committee of the Spanish Confederation of Business Organisations (*Confederación Española de Organizaciones Empresariales*) (CEOE), a board member of France Foreign Trade, Spain section, and a member of the Plenary Committee of the Spanish Chamber of Commerce.

### **3. Category to which the director candidate should belong**

Ms María Helena Antolín Raybaud belongs to the category of other external director as a period of more than twelve years has passed since her first appointment as a director of the Company.

### **4. Availability**

Before the beginning of each financial year, the Company's Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

### **5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder**

As at the date of this report, Ms María Helena Antolín Raybaud holds 168,157 shares representing 0.0% of the share capital.

### **6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy***

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Ms Antolín Raybaud to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive knowledge of domestic and international business management and of the energy sector, such as Ms María Helena Antolín Raybaud, who has extensive training in business management and administration and a long business career at the Antolín group, which will enable her to continue to contribute her practical expertise and personal experience as a successful businesswoman as part of the decision-making process of the Company's Board of Directors.



The Board of Directors should also have members with in-depth and well-versed knowledge of the Company and of the Iberdrola group and of the businesses thereof, like that of Ms Antolín Raybaud, which will allow her to continue to contribute very positively to the operation of the Board of Directors.

The Committee also very favourably assesses the knowledge and experience of the candidate for re-election acquired during her extensive professional career and particularly as a director of “Iberdrola Renovables, S.A.” and of the Company and a member of some of the committees of the boards of directors of companies of the Iberdrola group, including the Company, as well as the continuation thereof, based on the positive evaluation of her performance and the good results achieved by Ms María Helena Antolín Raybaud, her dedication to the position throughout all of her terms of office as a director of the Company, her strategic vision and decision-making ability, and the continued presence of a very valuable profile for the Board of Directors.

The re-election of Ms Antolín Raybaud will also contribute to maintaining the already high percentage of women on the Board of Directors, thus strengthening gender diversity on the Board. It would also strengthen the Company's commitment in favour of gender equality and contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), particularly SDG number five relating to the empowerment of women.

The Committee has also taken into account that the candidate's profile and professional background will bring a pluralistic viewpoint to debate within the Board of Directors and enrich it, ensuring a decision-making process without implicit biases and positively favouring the operation thereof.

The Committee therefore considers the re-election of Ms María Helena Antolín Raybaud as a director to be appropriate.

## 7. Verification of compliance with the requirements to be a director of the Company

The Committee very favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of Ms Antolín Raybaud continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola Group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

## 8. Conclusion

The Committee has unanimously decided (with the candidate for re-election abstaining) to favourably report on the re-election of Ms María Helena Antolín Raybaud as a director of the Company, with the classification of other external director.



## ANNEX

### REPORT OF THE APPOINTMENTS COMMITTEE REGARDING THE RATIFICATION OF THE APPOINTMENT AND RE-ELECTION OF MR ARMANDO MARTÍNEZ MARTÍNEZ AS AN EXECUTIVE DIRECTOR OF “IBERDROLA, S.A.”

#### 1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of “Iberdrola, S.A.” (the “**Company**”), the Appointments Committee (the “**Committee**”) is responsible for reporting on proposals for the re-election of executive directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term of office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

By resolution of the Board of Directors dated 25 October 2022, Mr Armando Martínez Martínez was appointed as a director of the Company on an interim basis (co-option), to fill the vacancy created by said corporate decision-making body's acceptance of Mr Francisco Martínez Córcoles' resignation from his position as a director of the Company, until the first General Shareholders' Meeting of the Company to be held thereafter. Given that the term for which Mr Martínez Martínez was appointed as a director of the Company ends on the day of the General Shareholders' Meeting, which is expected to be held on 28 April 2023, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

Therefore, the purpose of this report is to reflect the results of the work performed by the Committee regarding the potential ratification of the appointment on an interim basis (co-option) and re-election of Mr Armando Martínez Martínez as an executive director, as well as to provide a report to the Board of Directors for submission to a decision by the shareholders at the General Shareholders' Meeting.

#### 2. Professional profile and biographical data of the candidate

Born in Miranda de Ebro (Spain) in 1968.

He has a degree in industrial engineering (with a major in electricity) from Universidad de Valladolid (Spain) and a diploma in Company Management from Instituto Panamericano de Alta Dirección de Empresa, IPADE Business School.

##### Noteworthy experience for holding this position within the Company

Mr Armando Martínez Martínez has spent most of his professional career at the Iberdrola group and has more than 25 years' experience in the energy industry.

In 1997 he joined the Company as director of the Santurce (Biscay) thermal power plant. From 2000



to 2014 he worked at “Iberdrola México, S.A. de C.V.”, first as director of Generation, and from 2011 onwards, as general director of that Mexican company. In July 2014 he was appointed as general director of the Global Liberalised Business. From February 2016 to October 2021, he held the position of director of the Networks Business. In October 2021 he was appointed as Business CEO, effective from 1 November 2021, with overall responsibility for all businesses at the global level.

He has chaired the boards of directors of “Iberdrola España, S.A. (Sociedad Unipersonal)”, “Iberdrola Redes España, S.A.” (Sociedad Unipersonal), “Scottish Power Energy Networks Holdings Ltd.”, “Avangrid Networks, Inc.”, “Neoenergia Distribuicao Brasilia S.A.”, “Iberdrola Clientes, S.A.” (Sociedad Unipersonal), of “Scottish Power Retail Holdings Ltd.”, “Iberdrola México, S.A. de C.V.” and “Iberdrola México Energía S.A. de C.V.”

### 3. Category to which the director candidate should belong

Mr Martínez Martínez should belong to the category of executive director taking into account the executive duties that he is expected to continue performing at the Company.

### 4. Availability

Before the beginning of each financial year, the Company's Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

### 5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this report, Mr Armando Martínez Martínez holds 1,237 shares representing 0.0% of the share capital.

### 6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of ratifying Mr Armando Martínez Martínez's interim appointment (co-option) and re-electing him to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive experience in the domestic and international energy sector, with in-depth and well-versed knowledge of the internal operations of the Company and of the Iberdrola group, and particularly of its businesses, as possessed by Mr Martínez Martínez.

The candidate's extensive track record at Iberdrola's group, in addition to his membership of boards of directors of various international companies of this group located in Mexico, Brazil, the United States of America and the United Kingdom, have enabled Mr Martínez Martínez to acquire extensive



knowledge of the operations of the businesses of companies of the Iberdrola group, as well as quite significant international experience.

The Committee also very favourably assesses the knowledge and experience of the candidate acquired during his extensive professional career, and particularly as a director of the Company and of other companies of the Iberdrola group, as well as the continuation thereof, based on the positive evaluation of his performance and the good results achieved by Mr Armando Martínez Martínez, his dedication to the position since his appointment as a member of the Company's Board of Directors, his strategic vision and his excellent managerial and decision-making ability, which has been reflected in the outstanding results of the Company and the Iberdrola group as a whole during the years he has served as a member of its senior management and of the management team of other companies of the this group.

The ratification of the appointment and re-election of Mr Martínez Martínez also entails a positive contribution to the operation of the Board of Directors and his contribution to an enrichment of debate within this body (ensuring a decision-making process without implicit bias and positively favouring the operation thereof), as well as the continued presence of a profile that is very valuable for the Board of Directors, in view of his extensive knowledge of the Company and of the Iberdrola group, and particularly of the businesses thereof.

Therefore, the Committee considers the ratification of the appointment of Mr Armando Martínez Martínez and the re-election thereof as a director to be appropriate.

## 7. Verification of compliance with the requirements to be a director of the Company

The Committee very favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in the evaluation of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

## 8. Conclusion

The Committee has unanimously decided to favourably report on the ratification of the interim appointment (co-option) and the re-election of Mr Armando Martínez Martínez as a director of the Company, with the classification of executive director.



## ANNEX

### PROPOSAL FORMULATED BY THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MR MANUEL MOREU MUNAIZ AS AN INDEPENDENT DIRECTOR OF “IBERDROLA, S.A.”

#### 1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of “Iberdrola, S.A.” (the “**Company**”), the Appointments Committee (the “**Committee**”) is responsible for proposing to the Board of Directors the re-election of independent directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term in office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

Mr Manuel Moreu Munaiz was last re-elected as a director of the Company, for the bylaw-mandated term of four years, by the shareholders at the General Shareholders' Meeting held on 29 March 2019, having been first appointed on 17 February 2015. Given that the term for which Mr Moreu Munaiz was appointed as a director of the Company ends during this financial year 2023, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

Therefore, the purpose of this document is to reflect the results of the work performed by the Committee relating to the potential re-election of Mr Manuel Moreu Munaiz as a director of the Company with the classification of independent director.

#### 2. Professional profile and biographical data of the candidate

Born in Pontevedra (Spain) in 1953.

He holds a doctorate in naval engineering from Escuela Técnica Superior de Ingenieros Navales (ETSIN) of the Universidad Politécnica de Madrid, and a Master's degree in Oceanic Engineering from the Massachusetts Institute of Technology (MIT).

##### Noteworthy experience for holding this position within the Company

He has been a member of the Sustainable Development Committee of the Company, of the Board of Directors of “Iberdrola Renovables, S.A.” and a director and member of the Audit and Compliance Committee of “Gamesa Corporación Tecnológica, S.A.” (now “Siemens Gamesa Renewable Energy, S.A.”).

##### Noteworthy experience in other industries

Mr Manuel Moreu Munaiz has been a member of the board of “Metalships and Docks, S.A.”, “Neumáticas de Vigo, S.A.” and “Rodman Polyships, S.A.”, dean of the Colegio Oficial de Ingenieros Navales y Oceánicos de Madrid y de España, president of the Spanish Institute of Engineering, and





a professor of the Escuela Técnica Superior de Ingenieros Navales of the Universidad Politécnica de Madrid and for the Repsol's Master's Programme in Oil.

#### Other current positions and professional activities

He is the president of "Seaplace, S.L.", sole director of "H.I. de Iberia Ingeniería y Proyectos, S.L." and of "Howard Ingeniería y Desarrollo, S.L.", a director of "Tubacex, S.A." and a member of the Spanish Committee of Lloyd's Register EMEA, as well as a professor of the Master's Programme in Oil at Universidad Politécnica de Madrid (ETSIM), and of the Maritime Master's Programme of Instituto Marítimo Español and of Universidad Pontificia Comillas.

### **3. Category to which the director candidate should belong**

Mr Moreu Munaiz has been proposed based on his personal and professional qualities, after verifying that he can discharge his duties without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus meriting the classification of independent director.

### **4. Availability**

Before the beginning of each financial year, the Company's Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

### **5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder**

As at the date of this proposal, Mr Manuel Moreu Munaiz holds 58,650 shares representing 0.0% of the share capital.

### **6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy***

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Mr Moreu Munaiz to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with technical and industrial engineering knowledge, with experience in the new technologies of the energy sector and with proven business and entrepreneurial ability such as Mr Manuel Moreu Munaiz, who has engaged in his professional activities at different companies, some of which he has founded and which are linked to power generation technologies, as well as having been a director of listed companies.

The Board of Directors should also have members with in-depth and well-versed knowledge of the Company and of the Iberdrola group and of the businesses thereof, like that of Mr Moreu Munaiz, which will allow him to continue to contribute very positively to the operation of the Board of Directors.



The Committee also very favourably assesses the knowledge and experience of the candidate for re-election acquired during his extensive professional career and particularly as a director of “Iberdrola Renovables, S.A.” and of the Company and as a member of some of its committees (notably, Mr Moreu Munaiz acquired experience as a member of the Company’s Remuneration Committee), as well as the continuation thereof, based on the positive evaluation of his performance and the good results achieved by Mr Manuel Moreu Munaiz, his dedication to the position throughout all of his terms of office as a director of the Company, his strategic vision and decision-making ability, and the continued presence of a very valuable profile for the Board of Directors.

The re-election of Mr Moreu Munaiz will also contribute to strengthening the already high percentage of independent directors within the Company’s Board of Directors.

The Committee has also taken into account that the candidate’s profile and professional background will bring a pluralistic viewpoint to debate within the Board of Directors and enrich it, ensuring a decision-making process without implicit biases and positively favouring the operation thereof.

The Commission therefore considers the re-election of Mr Manuel Moreu Munaiz as a director to be appropriate.

## 7. Verification of compliance with the requirements to be a director of the Company

The Committee very favourably values the profile, skills and experience of the candidate, and specifically such director’s respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

It is reported that Mr Moreu Munaiz will reach seventy years of age in October 2023, meaning that he will be required to tender his resignation to the Board of Directors at the first meeting it holds after he has reached the aforementioned age.

## 8. Conclusion

The Committee has unanimously decided to propose the re-election of Mr Manuel Moreu Munaiz as a director of the Company, with the classification of independent director.



## ANNEX

### PROPOSAL FORMULATED BY THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MS SARA DE LA RICA GOIRICELAYA AS AN INDEPENDENT DIRECTOR OF "IBERDROLA, S.A."

#### 1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of "Iberdrola, S.A." (the "**Company**"), the Appointments Committee (the "**Committee**") is responsible for proposing to the Board of Directors the re-election of independent directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term in office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

Ms Sara de la Rica Goiricelaya was appointed as a director of the Company for the bylaw-mandated four-year term at the General Shareholders' Meeting held on 29 March 2019. Given that the term for which Ms de la Rica Goiricelaya was appointed as a director of the Company ends during this financial year 2023, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

Therefore, the purpose of this document is to reflect the results of the work performed by the Committee relating to the potential re-election of Ms Sara de la Rica Goiricelaya as a director of the Company with the classification of independent director.

#### 2. Professional profile and biographical data of the candidate

Born in Bilbao (Spain) in 1963.

She holds a PhD in Economics from the University of the Basque Country and has dedicated a large portion of her professional life to the study of and search for solutions on issues such as immigration, the labour market, gender equality and poverty.

##### Noteworthy experience for holding this position within the Company

She has been a member of the Company's Appointments Committee and an independent director of the Iberdrola group's country subholding company in Spain, "Iberdrola España, S.A." (Sociedad Unipersonal).

##### Noteworthy experience in other industries

Ms Sara de la Rica Goiricelaya has been president and secretary of the European Society for Population Economics and a member of its Executive Committee, chair of the Committee on the Situation of Women in Economics (COSME), and a member of the Economic and Social Council (CES). She has also been the secretary of the Spanish Economics Association (AEE).



In addition, she has been a member of the Scientific Advisory Board of Fundación Gadea and of the Scientific Committee of the Basque Institute for the Evaluation of the Educational System (IVEI-ISEI). Furthermore, she has been a member of the Board of Directors of “Basquetour, Turismoaren Euskal Agentzia, Agencia Vasca de Turismo, S.A.”, a government-owned company of the Department of Tourism, Trade and Consumption of the Basque Government, created to lead the promotion and implementation of the competitiveness strategy of Basque tourism.

She has worked on editorial boards or research project review boards.

Ms de la Rica Goiricelaya was given the “2018 Basque Economist Award” (Ekonomistak Saria 2018) in 2018 by the Basque Association of Economists (*Colegio Vasco de Economistas*).

### Other current positions and professional activities

She is a director of Fundación ISEAK (Initiative for Socio-economic Analysis and Knowledge), a member of the think tank of AMETIC (*Asociación Multisectorial de Empresas de la Electrónica, las Tecnologías de la Información y la Comunicación, de las Telecomunicaciones y de los Contenidos Digitales*), an honorary member of the Spanish Economics Association (*Asociación Española de Economía*), an associate researcher at CreAM (Centre for Research and Analysis of Migration – London University College) and at IZA (Institute of Labor Economics - Bonn), and a Professor of Economic Studies at the University of the Basque Country.

She is a member of the Economic Affairs Advisory Council, which advises the First Vice-President of the Government of Spain and Minister for the Economy and Digital Transformation, as well as member of the Advisory Commission to the Ministry of Work and Social Economy on the matter of Minimum Interprofessional Salary.

She regularly publishes academic articles in domestic and international magazines dealing with economic issues, mainly related to labour, participates in conferences and seminars, and supervises graduate students in their dissertations.

### **3. Category to which the director candidate should belong**

Ms de la Rica Goiricelaya has been proposed based on her personal and professional qualities, after verifying that she can discharge her duties without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus meriting the classification of independent director.

### **4. Availability**

Before the beginning of each financial year, the Company's Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.



## 5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this proposal, Ms Sara de la Rica Goiricelaya holds 19,684 shares representing 0.0% of the share capital.

## 6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Ms de la Rica Goiricelaya to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive knowledge and expertise in economics such as Ms Sara de la Rica Goiricelaya, who is an internationally recognised professor of economics and has engaged in her professional activities in both the public sector (advising public institutions) and the private sector, as well as having published academic articles in domestic and international journals dealing with economic subjects that are important to the Iberdrola group, such as the labour market and gender equality.

The Board of Directors should also have members with in-depth and well-versed knowledge of the Company and of the Iberdrola group and of the businesses thereof, like that of Ms de la Rica Goiricelaya, which will allow the candidate to continue to contribute very positively to the operation of the Board of Directors.

The Committee also very favourably assesses the knowledge and experience of the candidate for re-election acquired during her extensive professional career and particularly as a director of "Iberdrola España, S.A." (Sociedad Unipersonal) and as a member of the Company's Board of Directors and of some of its committees, as well as the continuation thereof, based on the positive evaluation of her performance and the good results achieved by Ms Sara de la Rica Goiricelaya, her dedication to the position throughout her entire term of office as a director of the Company, her strategic vision and decision-making ability, and the continued presence of a very valuable profile for the Board of Directors.

The re-election of Ms de la Rica Goiricelaya will also contribute to consolidating the already high percentages of independent directors and women on the Board of Directors, thus strengthening gender diversity on the Board. It would also maintain the Company's commitment in favour of gender equality and contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), particularly SDG number five relating to the empowerment of women.

The Committee has also taken into account that the candidate's profile and professional background will bring a pluralistic viewpoint to debate within the Board of Directors and enrich it, ensuring a decision-making process without implicit biases and positively favouring the operation thereof.

The Committee therefore considers the re-election of Ms Sara de la Rica Goiricelaya as a director to be appropriate.



## 7. Verification of compliance with the requirements to be a director of the Company

The Committee very favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of Ms de la Rica Goiricelaya continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola Group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

## 8. Conclusion

The Committee has unanimously decided to propose the re-election of Ms Sara de la Rica Goiricelaya as a director of the Company, with the classification of independent director.





## ANNEX

### PROPOSAL FORMULATED BY THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MR XABIER SAGREDO ORMAZA AS AN INDEPENDENT DIRECTOR OF "IBERDROLA, S.A."

#### 1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of "Iberdrola, S.A." (the "**Company**"), the Appointments Committee (the "**Committee**") is responsible for proposing to the Board of Directors the re-election of independent directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term in office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

Mr Xabier Sagredo Ormaza was last re-elected as a director of the Company, for the bylaw-mandated term of four years, by the shareholders at the General Shareholders' Meeting held on 29 March 2019, having been first appointed on 8 February 2016 as other external director.

Mr Sagredo Ormaza was classified as an "other external" director at that time due to not fulfilling the requirements established by law and in the Corporate Governance System to be classified as an independent or proprietary director. Specifically, Mr Xabier Sagredo Ormaza was not classified as an independent director because he was related to a shareholder of the Company holding a stake considered significant by law, "Kutxabank, S.A.". In the context of the annual review of the classification of all the directors carried out in February 2019 and as more than one year had passed since the aforementioned shareholder to which Mr Sagredo Ormaza was related had ceased to hold in the Company a shareholding interest considered significant by law, the Committee proposed his reclassification as an independent director to the Board of Directors. In order to facilitate this reclassification, Mr Sagredo Ormaza tendered his resignation as a director at the meeting held by the Board of Directors on 19 February 2019, so that he could immediately thereafter, at the same meeting, be appointed as an independent director on an interim basis (co-option) upon a proposal from the Committee, and his appointment was ratified and he was re-elected as an independent director of the Company at the first General Shareholders' Meeting held following his appointment, on 29 March 2019.

Given that the term for which Mr Sagredo Ormaza was appointed as a director of the Company ends during this financial year 2023, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

Therefore, the purpose of this document is to reflect the results of the work performed by the Committee relating to the potential re-election of Mr Xabier Sagredo Ormaza as a director of the Company with the classification of independent director.

#### 2. Professional profile and biographical data of the candidate

Born in Portugalete (Spain) in 1972.



He has a degree in Economics and Business from Universidad del País Vasco, with a major in Finance, and is a holder of postgraduate degrees in various areas, with certified training in information technology risks.

*Noteworthy experience for holding this position within the Company*

He has been a director of “Iberdrola Generación, S.A.” (Sociedad Unipersonal) and a member of its Audit and Compliance Committee, as well as a director of “Iberdrola Distribución Eléctrica, S.A.” (Sociedad Unipersonal), at which he has held the position of chair of the Audit and Compliance Committee.

*Noteworthy experience in other industries*

Mr Xabier Sagredo Ormaza has been the director of the Expansion and Assets area of “Ipar Kutxa Rural Sociedad Cooperativa de Crédito”, managing director of the concessionaire “Transitia, S.L.” and a member of the Board of the Bilbao Port Authority.

In addition, he has been chair and vice-chair of the Board of Directors of Caja de Ahorros Bilbao Bizkaia Kutxa, Aurrezki Kutxa eta Bahitetxea (BBK) and chair of its Audit Committee, as well as chair of the Board of Trustees of Fundación Eragintza.

In 2021 he received the “Top Talent Saria CEO” award from the Noticias group. In 2022 he received the “*Tu Economía*” award in the best business management category from La Razón, and was recognised by the European Society for Social and Cultural Promotion in the I Edition of the Carlos V Awards for Business Excellence in the financial organisation category, as well as being named “CEO of the Year” in the IX Edition of the Capital Awards.

*Other current positions and professional activities*

He is chair of the Board of Trustees of Bilbao Bizkaia Kutxa Fundación Bancaria-Bilbao Bizkaia Kutxa Banku Fundazioa and of BBK Fundazioa, as well as a trustee of the Biocruces Sanitary Research Institute, of the Bilbao Museum of Fines Arts and of the Guggenheim Museum Foundation, at which he also serves as a member of the Executive Committee.

Mr Xabier Sagredo Ormaza is also a member of the Board of Directors of the Orkestra Basque Institute of Competitiveness and of the Management Council of Universidad de Deusto.

He collaborates as a visiting professor at several institutions.

### **3. Category to which the director candidate should belong**

Mr Sagredo Ormaza has been proposed based on his personal and professional qualities, after verifying that he can discharge his duties without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus meriting the classification of independent director.

### **4. Availability**

Before the beginning of each financial year, the Company’s Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.



Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

#### **5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder**

As at the date of this proposal, Mr Xabier Sagredo Ormaza holds 21,942 shares representing 0.0% of the share capital.

#### **6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy***

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Mr Sagredo Ormaza to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with knowledge and experience such as that of Mr Xabier Sagredo Ormaza in the financial and corporate social responsibility sectors, in general, and in the banking sector and the social projects of banking foundations, in particular.

The Board of Directors should also have members with in-depth and well-versed knowledge of the Company and of the Iberdrola group and of the businesses thereof, like that of Mr Sagredo Ormaza, which will allow the candidate to continue to contribute very positively to the operation of the Board of Directors.

The Committee also very favourably assesses the knowledge and experience of the candidate for re-election acquired during his extensive professional career and particularly as a director of "Iberdrola Generación, S.A." (Sociedad Unipersonal), of "Iberdrola Distribución Eléctrica, S.A." (Sociedad Unipersonal) and of the Company, and as a member of some of the committees of the boards of directors of companies of the Iberdrola group, including the Company, as well as the continuation thereof, based on the positive evaluation of his performance and the good results achieved by Mr Xabier Sagredo Ormaza, his dedication to the position throughout all of his terms of office as a director of the Company, his strategic vision and decision-making ability, and the continued presence of a very valuable profile for the Board of Directors.

The re-election of Mr Sagredo Ormaza will also contribute to strengthening the already high percentage of independent directors within the Company's Board of Directors.

The Committee has also taken into account that the candidate's profile and professional background will bring a pluralistic viewpoint to debate within the Board of Directors and enrich it, ensuring a decision-making process without implicit biases and positively favouring the operation thereof.

The Commission therefore considers the re-election of Mr Xabier Sagredo Ormaza as a director to be appropriate.

#### **7. Verification of compliance with the requirements to be a director of the Company**

The Committee very favourably values the profile, skills and experience of the candidate, and



specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

## 8. Conclusion

The Committee has unanimously decided to propose the re-election of Mr Xabier Sagredo Ormaza as a director of the Company, with the classification of independent director.



## ANNEX

### REPORT OF THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MR JOSÉ IGNACIO SÁNCHEZ GALÁN AS AN EXECUTIVE DIRECTOR OF "IBERDROLA, S.A."

#### 1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of Iberdrola, S.A. (the "**Company**"), the Appointments Committee (the "**Committee**") is responsible for reporting on proposals for the re-election of executive directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term of office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

Mr José Ignacio Sánchez Galán was last re-elected as a director of the Company, for the bylaw-mandated term of four years, by the shareholders at the General Shareholders' Meeting held on 29 March 2019, having been first appointed on 21 May 2001. Given that the term for which Mr Sánchez Galán was appointed a director of the Company ends during this financial year 2023, the Committee has examined the advisability of his re-election and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

The Appointments Committee has prepared this report taking into account the analysis it carried out to propose to the Board of Directors the separation of the roles of chairman and chief executive officer within the Company in October 2022, which was based on a fundamental premise that Mr José Ignacio Sánchez Galán would continue to be the executive chairman of the Company. This analysis also considered that the presence of two executive directors, namely the chairman of the Board of Directors and the chief executive officer, who would perform the duties assigned thereto within the scope of their respective powers, would contribute to facilitating an enhanced exercise of managerial power in the current environment.

Therefore, the purpose of this report is to reflect the results of the work performed by the Committee regarding the potential re-election of Mr José Ignacio Sánchez Galán, as well as to provide a report to the Board of Directors for submission to a decision by the shareholders at the General Shareholders' Meeting regarding his re-election with the classification of executive director.

#### 2. Professional profile and biographical data of the candidate

Born in Salamanca (Spain) in 1950.

Mr Sánchez Galán is an industrial engineer with a degree from the Escuela Superior Técnica de Ingeniería (ICAI) of Universidad Pontificia Comillas (Madrid) and degrees in Business Administration and Foreign Trade from ICADE (Madrid) and in General Corporate Management and Foreign Trade from Escuela de Organización Industrial (EOI) in Madrid.

He is a recipient of honorary doctorate degrees from the universities of Salamanca, Edinburgh and



Strathclyde (Glasgow) and has been on the faculty of Escuela Técnica Superior de Ingeniería at the Universidad de Comillas (I.C.A.I.), a visiting professor at the University of Strathclyde, chairman of the Social Council of Universidad de Salamanca, and a member of the Presidential Advisory Council of the Massachusetts Institute of Technology (MIT).

*Noteworthy experience for holding this position within the Company*

Mr José Ignacio Sánchez Galán has served as chief operating officer of “Industria de Turbo Propulsores, S.A.” (ITP) and as chairman of the European aerospace consortium Eurojet (Germany). He has held various positions at “Sociedad Española del Acumulador Tudor, S.A.” (now Exide group, engaged in the manufacture and sale of batteries).

*Noteworthy experience in other industries*

In the telecommunications sector, he has been chief executive officer of “Airtel Móvil, S.A.” (now “Vodafone España, S.A.” (Sociedad Unipersonal)), and in the food sector, a member of the supervisory board of “Nutreco Holding N.V.”, a listed company in The Netherlands, and a founding member and director of the Matarromera group (Spain).

*Other current positions and professional activities*

He is currently chairman of the boards of directors of the Iberdrola group’s country subholding companies in the United Kingdom (“Scottish Power Ltd.”), the United States (“Avangrid, Inc.”, a company listed in New York) and Brazil (“Neoenergia, S.A.”, a company listed on the São Paulo stock exchange).

He is also chairman of the Renewable Hydrogen Coalition and a member of the group of top utility executives of the World Economic Forum (Davos). In addition, he is a member of the European Round Table for Industry (ERT) and of J.P. Morgan’s International Council.

Mr José Ignacio Sánchez Galán is a trustee of Fundación Princesa de Asturias, Fundación Carolina, Fundación Conocimiento y Desarrollo, Real Instituto Elcano and Real Patronato del Museo Nacional del Prado.

He has been an honorary member of the Spanish Institute of Engineering since 2018.

*Other information*

In 2020 he received the Management Leadership Award from the Spanish Association for Quality (*Asociación Española de la Calidad*) and the Business Career Award from *El Economista*, in addition to numerous other distinctions awarded to him in 2019, including the Harvard Business Review ranking him as one of the five “Best-Performing CEOs in the World” and the top-performing in the energy sector, and Bloomberg rating him one of the 30 most influential leaders in the fight against climate change in its “The Green 30 for 2020” ranking in 2020.

Notably, he was the recipient for the eleventh time of the Best European Utility CEO Award from the Institutional Investor Research Group in 2017, as well as being named Best CEO of European energy companies and of Spanish listed companies in investor relations by the Thomson Extel Survey in 2011.





He has also received the National Innovation and Design Award in the Innovative Career category from the Spanish Ministry of Science, Innovation and Universities, Honourable Mention for his professional career from the Official Industrial Engineers Association of Madrid, and designation as a Universal Spaniard (*Español Universal*) by Fundación Independiente in 2019, and he has been a trustee of Fundación Universitaria Comillas-I.C.A.I.

In 2014, he was distinguished by Queen Elizabeth II with the title Commander of the Most Excellent Order of the British Empire for his work in the development of the British energy sector and of commercial and investment relationships between the United Kingdom and Spain, and he received the international Responsible Capitalism Award from the First group.

He was awarded the "Business Leader of the Year" Award by the Spain-U.S. Chamber of Commerce and received the International Award for Economics from Fundación Cristóbal Gabarrón in 2008, while in 2006 he received the Best CEO of the Year Award in the Platts Global Energy Awards. He was also named Best CEO in Investor Relations by IR Magazine in 2005, 2004 and 2003.

### 3. Category to which the director candidate should belong

Mr Sánchez Galán should belong to the category of executive director taking into account the executive duties that he is expected to continue performing at the Company.

### 4. Availability

Before the beginning of each financial year, the Company's Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

### 5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this report, Mr José Ignacio Sánchez Galán is the holder of 14,070,603 shares, which represent approximately 0.218% of the share capital.

### 6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Mr José Ignacio Sánchez Galán to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive experience in the domestic and international energy and financial sectors, with in-depth and well-versed knowledge of the internal operations of the Company and of the Iberdrola group, and particularly of its businesses, as possessed by Mr Sánchez Galán.



The candidate's extensive track record at the Iberdrola group, in addition to his membership of boards of directors of various international companies of this group located in Brazil, the United States of America and the United Kingdom, have enabled Mr Sánchez Galán to acquire extensive knowledge of the operations of the businesses of the companies of the Iberdrola group, as well as quite significant international experience.

The Committee also very favourably assesses the knowledge and experience of the candidate for re-election acquired during his extensive professional career and as a director of the Company and the continuation thereof, based on the positive evaluations of his performance and the good results obtained by Mr José Ignacio Sánchez Galán and his dedication to the position throughout his terms of office as a member of the Board of Directors (for which evaluations the Committee has relied, in recent years, on the support of an independent expert ("PricewaterhouseCoopers Asesores de Negocio, S.L.")), as well as his strategic vision and his excellent managerial and decision-making ability, which has been reflected in the outstanding results of the Company and the Iberdrola group. His re-election would bring ongoing continuity to the management of these companies.

The re-election of Mr Sánchez Galán also entails a positive contribution to the operation of the Board of Directors and his contribution to an enriched debate within this body (ensuring a decision-making process that is free of implicit bias and positively favouring the operation thereof), as well as the continued presence of a profile that is very valuable for the aforementioned corporate decision-making body, in view of his extensive knowledge of the Company and of the Iberdrola group, and particularly of the businesses thereof.

The Committee therefore considers the re-election thereof as a director to be appropriate.

## **7. Verification of compliance with the requirements to be a director of the Company**

The Committee very favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

## **8. Verification of the suitability of the candidate to continue performing his executive duties**

The Committee has analysed and agrees with the conclusions of the report prepared by "PricewaterhouseCoopers Asesores de Negocio, S.L.", which confirm the suitability of Mr José Ignacio Sánchez Galán to continue performing his duties as an executive director of the Company.

In this regard, the Committee notes his conduct during the term that is now concluding, the conformance of his professional profile to the particularities of the businesses in which the



companies of the Iberdrola group engage, his knowledge of the sectors in which they operate and the international character thereof, his strategic vision and his firm commitment to rigorous and responsible management, as well as his appropriate combination of the skills and competencies required to organise and coordinate the dissemination, implementation and monitoring of the overall strategy and basic management guidelines established by the Board of Directors at the level of the Iberdrola group.

## 9. Conclusion

The Committee has unanimously decided to favourably report on the re-election of Mr José Ignacio Sánchez Galán as a director of the Company, with the classification of executive director.