



Annual Directors Remuneration Report

Year 2022

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

ISSUER IDENTIFICATION DETAILS

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Company name: **IBERDROLA, S.A.**

Registered office: Plaza Euskadi número 5, 48009 Bilbao (Biscay), Spain

NOTE: The English text of the headings of this Annual Corporate Governance Report have been extracted directly from the English-language template provided by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1.1 Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

Such specific determinations for the current year as the board may have made in accordance with the contracts signed with the executive directors and with the remuneration policy approved by the General Shareholders' Meeting must be described, as regards directors' remuneration both in their capacity as such and for executive functions carried out.

In any case, the following aspects must be reported, as a minimum:

- a) Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.
- b) Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
- c) Information on whether any external advisors took part in this process and, if so, their identity.
- d) Procedures set forth in the current remuneration policy for directors in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.

As of the date of preparation of this Report, the Director Remuneration Policy in effect (hereinafter, the Policy or the Remuneration Policy) is the Policy approved by the shareholders at the General Shareholders' Meeting held on 18 June 2021 and which has been in force since the financial year of its approval and will be in force during financial years 2022, 2023 and 2024. This Remuneration Policy is based on the following four principles:

- a) **Market remuneration that attracts and retains talent**, adequately rewards the dedication and responsibility assumed by the directors, and is commensurate with the remuneration paid at comparable companies in the market, for which purpose regular benchmark analyses will be performed.
- b) **Focused on maximising the creation of value and committed to the Purpose and Values of the Iberdrola group and to long-term sustainability**, which allows for maximising the social dividend and shareholder return as well as the achievement

of the Company's long-term sustainability. All of the foregoing within the framework of the Iberdrola group's commitment to all of its Stakeholders.

- c) **Focused on objectives**, ensuring that remuneration contributes to the achievement of Iberdrola's strategic objectives, which are regularly published and updated by the Board of Directors.
- d) **Aligned with the long-term strategy and sustainability**, through the attraction, retention, motivation and development of the best talent, on fair and competitive terms, which is the best way to contribute to the business strategy and to the long-term interests and sustainability of the Company and of the Iberdrola group.

Shareholders' votes in favour reached 91.54%. The Remuneration Committee relied on the outside advice of Sagardoy Abogados in preparing the Policy, including aspects such as the compliance of the remuneration policy with the new applicable law.

The design of this Policy took into account the main demands from institutional investors as well as the good practices identified at other listed companies.

Benchmark companies for remuneration purposes

Companies from the Utilities sector were taken into account in preparing this Policy, and specifically to define the remuneration items: companies listed on the Stoxx Europe 600 and S&P 500 Utilities indices, and companies belonging to the European Round Table of Industrialists and Business Round Table, excluding companies in which there is State involvement in terms of management or ownership. A multi-sector sample was also used: companies listed on the FTSE Eurotop 100 and S&P 500 indices, and companies belonging to the European Round Table of Industrialists and Business Round Table, with a comparable international presence and geographic diversity to IBERDROLA. And finally, leading Ibx 35 companies by capitalisation and European companies positioned to tackle the energy transition.

The criteria taken into consideration to select the companies were based on companies with similar dimensions to Iberdrola in terms of capitalisation, size, ownership structure and international scope.

This Policy takes into account talent, effort, creativity and leadership as the main differentiating elements in the energy industry, in order to maximise the social dividend and shareholder return and to contribute to the achievement of the Company's strategic objectives. Its ultimate goal is to contribute decisively to the attraction, retention, motivation and development of the best talent, on fair and competitive terms.

Competent bodies involved in determining, approving and applying the remuneration policy and the terms and conditions thereof:

The approval of the Director Remuneration Policy is within the purview of **the shareholders at the General Shareholders' Meeting**. To this end, the Remuneration Committee, pursuant to the provisions of Article 3 of the Regulations thereof, proposes to the Board of Directors the remuneration policies applicable to the directors and to the members of senior management and regularly revises them, proposing, if applicable, the amendment and update thereof to the Board of Directors.

The **Remuneration Committee** submits the proposed Director Remuneration Policy to the Board of Directors for approval and subsequent submission to the shareholders at the General Shareholders' Meeting, issuing the corresponding specific explanatory report required by Section 529 *novodecies* of the Companies Act (*Ley de Sociedades de Capital*). The Remuneration Committee is also vested with the duty to propose to the Board of Directors the system and amount of the annual remuneration of directors, as well as the individual remuneration of executive directors and the other basic terms and conditions of their contracts, including any potential compensation or severance payment that may be established in the event of removal, in all cases in accordance with the provisions of the Governance and Sustainability System and of the Remuneration Policy.

The **Board of Directors**, upon a proposal of the Remuneration Committee, sets the remuneration of directors, except the remuneration consisting of the delivery of shares of the Company or of options thereon or which is indexed to the price of the Company's shares, which must be approved by the shareholders acting at a General Shareholders' Meeting.

Finally, the executive directors' performance is evaluated by the Board of Directors, upon a proposal of the Remuneration Committee. This Committee is in turn customarily advised by an independent firm that evaluates such performance.

A.1.2 Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to ensure an appropriate balance between the fixed and variable components of remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures taken to ensure that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company and measures in place to avoid conflicts of interest.

Furthermore, indicate whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or delivery of accrued and vested financial instruments, or whether any clause has been agreed reducing the deferred remuneration not yet vested or obliging the director to return remuneration

received, when such remuneration has been based on figures that have since been clearly shown to be inaccurate.

Remuneration mix

The remuneration mix of executive directors at Iberdrola is comprised of both short- and long-term fixed and variable components and is designed in such a way as to ensure the attraction and retention of the best talent and the alignment of their conduct with the interests of the Iberdrola group and the achievement of its business strategy, promoting its long-term sustainability, in accordance with best practices at the domestic and the international level.

This remuneration mix is strongly impacted by the significance of the variable components, and particularly by the assessment made by the Board of Directors, upon a proposal of the Remuneration Committee, of the performance of said directors, as well as of the changes in value of any shares to be delivered in payment of the multi-annual variable remuneration. Particularly noteworthy is the progressive increase in the specific weight of this component due to the significant increase in the share price, as explained in section B.7 of this report. It should also be noted that annual and multi-annual variable remuneration is linked to the performance of the executive directors with respect to economic/financial, operational/industrial and other parameters relating to the Sustainable Development Goals.

The components of the remuneration mix of executive directors are as follows:

- a) Fixed remuneration:** this seeks to attract and retain talent and reward the work of executive directors, based on their level of responsibility, dedication, track record and professional experience, such that the necessary professionals are available to achieve the objectives of the Iberdrola group. Pursuant to the current Policy, this component of remuneration shall be in line with the remuneration paid in the market by companies with comparable capitalisation, size, ownership structure and international scope.
- b) Short-term variable remuneration (annual bonus):** this seeks to incentivise the achievement of the group's annual objectives and those that are specific to each position, aligning the dedication and efforts of the executive directors (and those of the members of the management team and the professionals of the group) with the business strategy. Annual variable remuneration shall be fully paid in cash.

(b.1) The objectives to which the short-term variable remuneration of the Executive Chairman shall be linked will be related to parameters like:

- i. Net profit, gross operating income (EBITDA), cash flow, etc.
- ii. Investments.

- iii. Evolution of shareholder remuneration in comparison with other values and indices.
- iv. Financial strength.
- v. Development and application of the Stakeholder Engagement Policy and commitment to the social dividend.
- vi. Development of the Equality, Diversity and Inclusion Policy.
- vii. Results in the fight against climate change.
- viii. Management of corporate reputation, measured in terms of presence in sustainability and ethics indices.
- ix. Training of the group's professionals.

Specifically, the following weightings were used for the parameters linked to short-term variable remuneration for financial year 2022:

- Economic/financial objectives: 500 out of 1,000 specific weight:
 - exceed the net profit for the preceding financial year (weight of 200 out of 1,000).
 - increase shareholder remuneration in line with growth in net profit (weight of 150 out of 1,000).
 - maintain financial strength in the FFO/Net Debt ratio at year-end 2021 (weight of 150 out of 1,000).
- Sustainable development objectives - 500 out of 1,000 specific weight:
 - continuous increase in female presence in positions of responsibility (weight of 125 out of 1,000).
 - presence on international indices (weight of 250 out of 1,000).
 - exceed ratio of training hours received per employee over that of comparable companies. (weight of 125 out of 1,000).

(b.2) Taking into account the new CEO's appointment on 25 October 2022, his objectives as Business CEO have been assessed, with his short-term variable remuneration linked to parameters such as:

- Economic/financial objectives - 425 out of 1,000 specific weight:
 - EBIT of the Businesses (Renewables, Networks and Retail) (weight of 285 out of 1,000).
 - NOE of the Businesses (Renewables, Networks and Retail) (weight of 140 out of 1,000).

- Growth objective - 425 out of 1,000 specific weight:
 - Increase in assets in service within RAB (weight of 125 out of 1,000).
 - Completion of construction projects 2022 (MW) (weight of 100 out of 1,000).
 - FID projects with profitability (weight of 100 out of 1,000).
 - Commercial EBIT Spain + UK (weight of 100 out of 1,000).
- ESG objectives - 150 out of 1,000 specific weight:
 - Promotions and horizontal / international mobility of talent (weight of 22.5 out of 1,000).
 - Increase in presence of women in important positions (weight of 22.5 out of 1,000).
 - Increase in presence of women in positions of responsibility (weight of 45 out of 1,000).
 - Cybersecurity (weight of 60 out of 1,000).

The parameters for financial year 2023 are as follows:

(b.3) For the Executive Chairman

- Economic/financial objectives: 500 out of 1,000 specific weight:
 - Net profit (weight of 200 out of 1,000).
 - Increase shareholder remuneration in line with growth in net profit (weight of 150 out of 1,000).
 - Financial soundness: FFO/Adjusted Net Debt (weight of 150 out of 1,000).
- Sustainable development objectives - 500 out of 1,000 specific weight:
 - Continuous increase in female presence in positions of responsibility (weight of 125 out of 1,000).
 - Presence on international indices (weight of 250 out of 1,000).
 - Cybersecurity (weight of 125 out of 1,000).

(b.4) For the Chief Executive Officer

- Economic/financial objectives: 600 out of 1,000 specific weight:
 - Net profit (weight of 400 out of 1,000).
 - Financial soundness: FFO/Adjusted Net Debt (weight of 200 out of 1,000).
- Growth objective - 300 out of 1,000 specific weight:
 - Potential renewable capacity (weight of 150 out of 1,000).

- New Networks assets recognised as part of RAB (weight of 150 out of 1,000).

- ESG objectives - 100 out of 1,000 specific weight:

- Occupational health and safety: internal personnel incident rate (weight of 100 out of 1,000).

c) Long-term variable remuneration (strategic bonus): this seeks to encourage the commitment of executive directors to the Iberdrola group's long-term business enterprise by linking a portion of their remuneration to the creation of shareholder value, as well as to the sustainable achievement of the Company's strategic objectives and the maximisation of its social dividend and of shareholder return. Multi-annual variable remuneration is linked to the Company's performance and long-term interests and is implemented through share delivery plans linked to the achievement of long-term objectives, which typically have a term of six years (three for the evaluation of performance and three for payment thereof). The 2020-2022 Strategic Bonus is currently in force, which will be paid, if the objectives are achieved, in years 2023 to 2025 by means of a deferred delivery of shares over three years.

d) Benefits: The remuneration system of executive directors will be supplemented by health, life and accident insurance and other benefits in line with the practice followed in the market by companies with comparable capitalisation, size, ownership structure and international scope. The Company may implement long-term pension schemes in favour of its executive directors.

The executive directors also have limited electricity allowances through rate concessions at their customary and permanent home or residence and at temporary homes.

Scenarios of the remuneration mix

The estimated remuneration mix based on the share price as at the date of approval of the corresponding strategic bonuses, assuming that around 85% of the corresponding parameters are ultimately met, would be approximately:

a) Executive Chairman

Minimum achievement scenario: 23% fixed remuneration, 26% annual variable remuneration and 51% multi-annual variable remuneration.

Target scenario: 22% fixed remuneration, 26% annual variable remuneration and 52% multi-annual variable remuneration.

Maximum achievement scenario: 21% fixed remuneration, 27% annual variable remuneration and 52% multi-annual variable remuneration.

b) Chief Executive Officer

Minimum achievement scenario: 38% fixed remuneration, 27% annual variable remuneration and 35% multi-annual variable remuneration.

Target scenario: 37% fixed remuneration, 27% annual variable remuneration and 36% multi-annual variable remuneration.

Maximum achievement scenario: 35% fixed remuneration, 28% annual variable remuneration and 37% multi-annual variable remuneration.

These estimates have been made taking into account a potential swing of +/-5 percentage points.

Malus and clawback clauses

The basic principles of the director remuneration policy include establishing adequate mechanisms so that the Company can obtain reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

In addition, all multi-annual variable remuneration is subject to malus and clawback clauses. In this regard, prior to accrual and payment, deferred variable remuneration requires a report from the Remuneration Committee confirming that the rationale supporting such deferred variable remuneration still applies. If there is a circumstance that subsequently requires a correction of the parameters taken into consideration during the initial evaluation, the Board of Directors will decide whether to cancel payment of the deferred variable remuneration in whole or in part (malus clause), and even to demand the total or partial return of amounts already paid (clawback). These circumstances include fraud, serious violation of the law, and a material restatement of the financial statements on which the Board of Directors based the evaluation of the performance level, provided that said restatement is confirmed by the external auditors and is not due to a change in accounting rules.

It should also be noted that during each of the three years of the period for accrual and payment of the strategic bonus and on occasion of each delivery of shares, it is provided that an assessment must be made of whether the corresponding payment should be confirmed or cancelled, in whole or in part, and also, if applicable, of whether the return of shares already delivered (or their amount in cash) should be demanded in certain cases.

Measures adopted to reduce excessive exposure to risks

As regards the different measures adopted by the Company to help reduce excessive exposure to certain risks and align it with the Company's long-term objectives, values and interests, it should be noted that:

a) Remuneration Committee:

- Proposes to the Board of Directors the remuneration policies applicable to the directors and to the members of senior management, issuing the corresponding specific explanatory report required by Section 529 *novodecies* of the Companies Act (*Ley de Sociedades de Capital*).
- Regularly revises the Remuneration Policy, proposing any applicable amendment and update thereof to the Board of Directors.
- Performs an appropriate assessment of the independence of the external adviser if the participation thereof is required for the preparation of the Director Remuneration Policy.
- Proposes to the Board of Directors the system and amount of the annual remuneration of directors, as well as the individual remuneration of executive directors and the other basic terms and conditions of their contracts, including any potential compensation or severance payment that may be established in the event of removal.
- In connection with variable remuneration, it proposes to the Board the cancellation or reimbursement of any long-term variable remuneration that has been paid to the respective beneficiaries.

b) Audit and Risk Supervision Committee

- Pursuant to the Remuneration Policy, executive directors who are beneficiaries of incentive plans may not transfer ownership of the shares received for a period of 3 years unless they maintain a net financial exposure to changes in the share price having a market value equal to twice their annual fixed remuneration.
- Article 44 of the Regulations of the Board of Directors provides that the directors of Iberdrola must adopt the measures necessary to avoid entering into conflicts of interest pursuant to the provisions of law.

A.1.3 Amount and nature of fixed components that are due to be accrued during the year by directors in their capacity as such.

The remuneration to which directors are entitled in their capacity as such is structured in accordance with the following criteria within the framework of law and the By-Laws:

Directors receive a fixed annual amount in line with market standards, based on the positions they hold within the Board of Directors and the committees of which they are members.

The maximum amount of annual remuneration to be paid to the directors as a whole in their capacity as such (excluding any potential compensation for their non-compete commitment) is €9,000 thousand in each financial year in which this Policy is in effect. This overall amount may be updated by the Board of Directors based on the existing circumstances.

For financial year 2023, the Board of Directors, upon a proposal of the Remuneration Committee, has unanimously resolved to maintain the fixed remuneration. These amounts have been frozen since 2008.

Fixed remuneration of the directors for belonging to the Board of Directors and to the committees thereof based on the position held in each case is as follows:

- Director holding the position of Executive Chairman of the Board of Directors: €567 thousand.
- Director holding the position of Chief Executive Officer: €253 thousand.
- Directors holding the position of vice-chair or of chair of any of the consultative committees: €440 thousand.
- Directors holding the position of member of any of the committees: €253 thousand.
- Directors holding only the position of member of the Board of Directors: €165 thousand.

In addition, the fees received by the directors for attending meetings of the Board of Directors and of the committees thereof, based on the position held in each case, are as follows:

- Executive Chairman and vice-chairs of the Board of Directors: €6 thousand per meeting for attending the meetings of the Board of Directors.
- Chairs of the committees: €6 thousand per meeting for attending the meetings of the respective committee.
- Members of the Board of Directors and of the committees: thereof: €4 thousand.

A.1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

Between January and October 2022, the only executive director was Mr José Ignacio Sánchez Galán, who was therefore the only director receiving fixed remuneration for the performance of senior management duties.

After the interim appointment (co-option) of the new Chief Executive Officer, Mr Armando Martínez Martínez, on 25 October 2022, there are two directors who receive fixed remuneration for the performance of senior management duties.

At the meeting held by the Board of Directors on 21 February 2023, upon a proposal of the Remuneration Committee, it was resolved to maintain the fixed remuneration of the Executive Chairman for 2023 without change from 2022, in the amount of €2,250 thousand.

It should be noted that the fixed remuneration of the Executive Chairman has remained unchanged since 2008.

The fixed remuneration of the Chief Executive Officer will amount to €1,000 thousand. The following has been taken into account in order to establish the fixed remuneration of the Chief Executive Officer: the remuneration that the Chief Executive Officer was receiving in his previous senior management position at the Company, and the comparison with the various companies referred to in section A.1.1 of this Report.

A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

The Company pays the premiums under insurance policies that it has taken with certain insurance companies for the coverage of the death or disability of directors caused by accidents, and the Company itself assumes coverage of benefits for the death or disability of directors due to natural causes. Other remuneration in kind is not significant and basically covers the electricity rate and health and casualty insurance. The estimated cost of all remuneration in kind will be similar to the cost reflected in section B.14 of this Report.

A.1.6 Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Indicate the range, in monetary terms, of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

The only directors that receive variable remuneration are the executive directors, i.e. the Executive Chairman and the Chief Executive Officer.

Components of variable remuneration:

Annual variable remuneration

a) Executive Chairman

The variable remuneration parameters for the Executive Chairman are in line with the Outlook 2020-2025 presented at the Capital Markets Day held on 9 November 2022:

- Economic/financial objectives - 500 out of 1,000 specific weight

- Exceed the net profit for the preceding financial year (weight of 200 out of 1,000).

Net profit for the financial year 2022 amounted to €4,339 million, 111.6% of the target. The achievement level is evaluated at 100% due to this figure being above 105% in a highly complex environment.

- Increase shareholder remuneration in line with growth in net profit (weight of 150 out of 1,000).

Shareholder remuneration amounted to €0.444 per share, an increase in line with net profit. The dividend has grown by 36.2% since 2018, which entails average annual growth of 8%. Pay-out amounted to 73.6%, within the upper end of the established range. Taking into account the foregoing, the achievement level is evaluated at 100%.

- Maintain financial strength in the FFO/Net Debt ratio at year-end 2021 (weight of 150 out of 1,000).

In terms of financial strength, the year-end FFO/net debt ratio was 24.9%, one percentage point higher than the previous year, and in any case above the target. As the ratio has been improved and the credit rating levels maintained, the achievement level is evaluated at 100%.

- Sustainable development objectives (500 out of 1,000 specific weight)

- Continuous increase in female presence in positions of responsibility (weight of 125 out of 1,000).

Female presence in positions of responsibility grew from 33.7% in 2021 to 34.0% in 2022, in addition to a notable percentage of women in senior management (30%) and an improvement in the percentage of women in important positions to 26.1%, as against 24.4% in the previous financial year. In view of the increase in positions of responsibility of 0.3 percentage points, the achievement level is evaluated at 100%.

- Presence on international indices (weight of 250 out of 1,000).

Iberdrola maintains its presence on the world's leading sustainability indices (DJSI, FTSE4Good, 2022 World's Most Ethical Companies). In addition, Iberdrola remains included on numerous sustainable company indices: Global 100, CDP Climate Change, ISS ESG (Prime), MSCI Global Sustainability Index (AAA), Bloomberg Gender Equality Index, etc. As it has maintained the same ratings as in previous financial years on more than 6 benchmark indices, the achievement level is evaluated at 100%.

- Exceed ratio of training hours received per employee over that of comparable companies (weight of 125 out of 1,000).

The number of training hours provided in 2022 amounts to 67.9 hours/employee, far higher than comparable companies according to FUNDAE (State Foundation for Employment Training), far exceeding full compliance with the objective. As the number of hours has exceeded 55 per annum, the achievement level is evaluated at 100%.

Taking into account the foregoing, the total weighted achievement level is 100% for the parameters to which the Executive Chairman's annual variable remuneration for financial year 2022 is linked.

The Remuneration Committee may also consider other parameters for the evaluation of the Executive Chairman.

b) Chief Executive Officer

In the case of the Chief Executive Officer, the parameters to which his annual variable remuneration is linked are as follows:

- Economic/financial objectives - 425 out of 1,000 specific weight:

- EBIT of the Businesses (Renewables, Networks and Retail) (weight of 285 out of 1,000). This objective will be deemed fully achieved (100%) if the result exceeds the budget by at least 2%.

EBIT of the Businesses for financial year 2022 amounted to €7,653 million, exceeding the target. The achievement level is evaluated at 100% due to this figure exceeding the target in a highly complex environment.

- NOE of the Businesses (Renewables, Networks and Retail) (weight of 140 out of 1,000). This objective will be deemed fully achieved (100%) if the result is at least 3% lower than budgeted.

NOE of the Businesses for financial year 2022 amounted to €4,729 million, exceeding the target by 3.80 percentage points. The achievement level is evaluated at 100% due to this figure exceeding the target.

- Growth objective - 425 out of 1,000 specific weight:

- Increase in assets in service within RAB (weight of 125 out of 1,000). This objective will be deemed fully achieved (100%) if the result exceeds the value at year-end 2021 by at least 3.8%.

The new networks assets recognised as part of RAB increased by 9% compared to year-end 2021. The achievement level is evaluated at 100%.

- Completion of construction projects 2022 (MW) (weight of 100 out of 1,000). This objective will be deemed fully achieved (100%) if the result is equal to or exceeds budget.

The plan has not been fulfilled, owing to factors including the circumstances involving the prioritisation of projects that were already under construction.

- FID projects with profitability (weight of 100 out of 1,000). This objective will be deemed fully achieved (100%) if the result is equal to or exceeds budget.

The plan has not been fulfilled, owing to factors including the slowdown in installation of capacity due to the prevailing circumstances.

- Commercial EBIT Spain + UK (weight of 100 out of 1,000). This objective will be deemed fully achieved (100%) if the result exceeds budget by 1%.

Commercial EBIT for Spain and the UK amounted to €667 million, exceeding the target. The achievement level is evaluated at 100% due to this figure exceeding the target in a highly complex environment.

- ESG objectives - 150 out of 1,000 specific weight:

- Promotions and horizontal / international mobility of talent (weight of 22.5 out of 1,000). This objective will be deemed fully achieved (100%) if the number of cases exceeds 130.

During financial year 2022, there have been 133 promotions and movements involving international mobility of talent. The achievement level is evaluated at 100%

- Increase in presence of women in important positions (weight of 22.5 out of 1,000). This objective will be deemed fully achieved (100%) if the result exceeds the value for 2021 by one percentage point.

Female presence in important positions of responsibility grew to 26.1% from 24.4% in the previous financial year, in addition to a notable percentage of women in senior management (30%). The achievement level is evaluated at 100%

- Increase in presence of women in positions of responsibility (weight of 45 out of 1,000). This objective will be deemed fully achieved (100%) if the result exceeds the value for financial year 2021.

The presence of women in positions of responsibility grew from 33.7% in 2021 to 34.0% in 2022. In view of the increase in positions of responsibility of 0.3 percentage points, the achievement level is evaluated at 100%.

- Cybersecurity (weight of 60 out of 1,000). This objective will be deemed fully achieved (100%) if all planned milestones are achieved.

Practically the entire cybersecurity plan for financial year 2022 has been achieved, both for the businesses and for the company. The achievement level is evaluated at 98.13%.

Taking into account the foregoing, the total weighted achievement level is 87.96% for the parameters to which the Chief Executive Officer's annual variable remuneration for financial year 2022 is linked.

The Remuneration Committee may also consider other parameters for the evaluation of the Chief Executive Officer.

For 2023, the Board of Directors has resolved to maintain the maximum limit on the annual variable remuneration of the Executive Chairman at the same level as in 2022 (€3,250 thousand).

In the case of the Chief Executive Officer, the maximum limit on variable remuneration has been established at €1,500 thousand.

Payment of the annual variable remuneration is made once the annual financial statements have been prepared by the Board of Directors and subsequently audited. The Board of Directors shall also consider the overall economic/financial and operational performance of the Company in evaluating the performance of the executive directors.

Multi-annual variable remuneration

At the General Shareholders' Meeting held on 2 April 2020 the shareholders approved the 2020-2022 Strategic Bonus as a long-term incentive linked to the Company's performance in relation to certain parameters, to be paid through the delivery of shares, in accordance with the following guidelines:

- Beneficiaries: up to a maximum of 300, including executive directors.
- Parameters:
 - i. substantial increase in net profit (30% weight);
 - ii. comparative increase in total shareholder return (20% weight);
 - iii. improvement in financial strength (20% weight); and
 - iv. parameters related to the Sustainable Development Goals (average intensity of CO₂ emissions, suppliers subject to sustainable development policies and standards, and salary gap between women and men) (20% weight).
- Maximum number of shares to be delivered: up to 14,000,000, equal to 0.22% of the share capital at the time of approval of the resolution.
- Maximum number of shares to be delivered to the group of executive directors: up to 2,500,000 shares; up to a maximum of 1,900,000 shares in the case of the Executive Chairman and up to a maximum of 240,000 shares in the case of the Chief Executive Officer, which was assigned to him in 2020 when he was a member of senior management and has not been changed as a result of his appointment as Chief Executive Officer.
- Duration: evaluation period 2020-2022 and payment period 2023-2025, in three equal instalments each year.
- Annual verification by the Remuneration Committee, prior to each of the payments, that the circumstances leading to the accrual thereof remain in effect. The first payment will be made after the annual financial statements have been prepared by the Board of Directors, audited, and approved by the shareholders at the General Shareholders'

Meeting. In any event, the Remuneration Committee shall have the assistance of an independent expert in the evaluation of performance in relation to the aforementioned benchmark parameters.

- Possible cancellation of pending payments and reimbursement of the shares delivered (malus clause and claw-back).

The first delivery under the 2020-2022 strategic bonus will be made during 2023.

A.1.7 Main characteristics of long-term savings schemes. Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director.

Indicate whether the accrual or vesting of any of the long-term savings plans is linked to the attainment of certain objectives or parameters relating to the director's short- or long-term performance.

The Company has no commitment to any long-term defined-contribution, defined-benefit retirement or savings system for any director.

A.1.8 Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, on the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.

No non-executive director shall receive any compensation for termination or early cessation of office or due to termination of the contractual relationship. However, non-executive directors, with the exception of proprietary directors, must abide by the commitment not to compete, which consists of the following:

Commitment not to compete:

A director who ends the term of office to which the director was appointed or who, for any other reason, ceases to act as such, may not be a director or officer of, or provide services to, any entity whose object is similar, in whole or in part, to that of the Company or which is a competitor of the Company, for a term of two years. The Board of Directors may, if it deems it appropriate, relieve the outgoing director from this obligation or shorten the period thereof.

In the event of cessation of office prior to the end of the term for which they were appointed, non-executive directors who are not proprietary directors shall be entitled to receive compensation for the commitment not to compete described in the preceding paragraph, unless their cessation is due to a breach of the duties of director attributable thereto or to the provisions of the succession plan included in the General Corporate Governance Policy, or to the sole decision thereof.

For purposes of clarification, cessation of office shall not be considered to be due exclusively to the decision of the director if resignation occurs on occasion of the acceptance of a public office that is incompatible with the holding of the position of director. The compensation for the commitment not to compete, if applicable, shall be equal to 90% of the fixed amount that the director would have received for the remainder of the director's term (assuming that the annual fixed amount that the director receives at the time of cessation of office is maintained), with a maximum equal to two times 90% of such annual fixed amount.

A.1.9 Indicate the conditions that the contracts of executive directors performing senior management functions should contain. Among other things, information must be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, minimum contract terms and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

Payments for termination of the contract between the Company and the executive directors are comprised of severance pay and an agreement not to compete, as explained below:

Severance pay:

Since the end of the 90s, executive directors, as well as a group of members of the management team, are entitled to receive severance pay in the event of termination of their executive relationship with the Company, provided that said termination is not due to a breach attributable to the beneficiary or solely due to a voluntary decision thereof. For purposes of clarification, termination shall not be deemed to be solely due to a voluntary decision of the executive director if the director's resignation is due to a breach by the Company or a substantial modification of the director's duties or other similar circumstances.

A) Contract with the Executive Chairman

When the current Executive Chairman joined the Company in 2001, the Company included clauses in the contracts with its key officers providing for severance pay of up to five times annual salary in order to achieve an effective and sufficient level of loyalty. Although the

treatment in effect for such officers was applied to him at that time, he would now be entitled to three times annual salary as severance pay.

The Board of Directors has analysed this situation and has found that, taking into account the average age of the affected group and the low likelihood of the guarantees being enforced, the amount of the contingency would gradually decrease over time, resulting in payments far smaller than any alternative consisting of a reduction in the agreed severance payments. Furthermore, the contract with the Executive Chairman in any event establishes a duty not to compete with respect to companies and activities that are similar in nature to those of the Company during the term of his relationship with the Company and for a period of two years. In compensation for this commitment, he is entitled to a severance payment equal to two times annual salary.

Other basic conditions of contracts with executive directors are:

- (i) indefinite duration;
- (ii) strict compliance with the rules and provisions of the Company's Governance and Sustainability System;
- (iii) confidentiality and commitment to return documents in the event of termination of the contractual relationship;
- (iv) general advance notice period of three months before termination.

B) Contract with new executive directors:

Since 2011, contracts with new executive directors and with the members of senior management have included maximum severance pay equal to two times annual salary in the event of termination of their relationship with the Company, provided that termination of the relationship is not the result of a breach attributable thereto or solely due to a voluntary decision thereof. For purposes of clarification, termination shall not be deemed to be solely due to a voluntary decision of the executive director if the director's resignation is due to a breach by the Company or a substantial modification of the director's duties or other similar circumstances.

Commitment not to compete:

As executive directors are closely acquainted with the design and implementation of the business strategy and plans of the Company, the contracts with them provide for the duty not to compete in relation to companies and activities of a similar nature during the term of their relationship with the Company as well as for a subsequent period of one to two years.

In compensation for this post-contractual commitment not to compete, executive directors are entitled to compensation equal to the fixed remuneration corresponding to such period.

In the case of the Chief Executive Officer, the termination conditions agreed in his contract are set out in this section B), including compensation for the post-contractual commitment not to compete as part of any contractual severance payment.

A.1.10 The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position.

There is no supplementary remuneration.

A.1.11 Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.

The Director Remuneration Policy does not contemplate the granting of advances, loans or guarantees by the Company.

A.1.12 The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

The Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 18 June 2021 provides that executive directors and officers of the group who hold the position of director at companies that are not wholly owned either directly or indirectly by Iberdrola may receive remuneration corresponding to the position from said companies in accordance with their corporate governance rules on the same terms as the other directors. Along these lines, it is estimated that during 2023 the Executive Chairman of Iberdrola will receive an amount similar to the amount set forth in section C of this Report for his positions as chairman of the boards of directors of Neoenergia, S.A. and Avangrid, Inc.

A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:

- a) A new policy or an amendment to a policy already approved by the General Meeting.
- b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- c) Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

The Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 18 June 2021 has been in force since the financial year of its approval and will be in force during financial years 2022, 2023 and 2024. The text thereof conformed to the

amendments made by Section 529 *novodecies* of the Companies Act, which amendments came into force after the approval of this Policy by the shareholders at the General Shareholders' Meeting, and included a number of technical improvements while retaining the general guidelines of the previous policy.

Technical improvements included in the current Policy

- a) The group's strategy:** establishment of objective standards relating to the Iberdrola group's strategy for purposes of the remuneration of executive directors.
- b) New parameters applicable to the variable remuneration** of executive directors: inclusion of environmental and long-term sustainability parameters, including those relating to the energy transition, the mitigation of and adaptation to climate change, and others relating to the Sustainable Development Goals (SDGs) approved by the United Nations, along with the financial and operational/industrial parameters already established in the previous policy.
- c) Labour conditions at the Iberdrola group:** in revising and updating the current policy, the Remuneration Committee has taken into account the employment conditions and remuneration levels of the Iberdrola group's professionals, especially in connection with the remuneration of executive directors.
- d) Maximum annual amount:** by revising the maximum amount of annual remuneration to be paid to the directors as a whole in their capacity as such, which may be updated by the Board of Directors within the maximum annual limit established in the policy, which will be disclosed in the annual director remuneration report.
- e) Commitment not to compete:** by updating the terms of the commitment not to compete without altering the term thereof or the calculation of any applicable compensation.
- f) Further information regarding the structure of remuneration of executive directors:** by including a higher level of detail regarding fixed remuneration, variable remuneration (short-term (annual bonus) and long-term (strategic bonus)) of executive directors.
- g) New directors:** by providing for the establishment of special and extraordinary remuneration and incentives in order to attract talent and compensate the new executive directors for variable remuneration or contractual rights lost upon leaving their previous position.
- h) Temporary exceptions:** by providing for the ability of the Board of Directors, after a favourable report from the Remuneration Committee, to apply temporary exceptions to the variable components of the remuneration of executive directors when required to safeguard the long-term interests and sustainability of the Company as a whole or to ensure the viability thereof pursuant to the provisions of the new Section 529 *novodecies*.6. of the Companies Act.

- A.3** Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

<https://www.iberdrola.com/corporate-governance/governance-sustainability-system/corporate-governance-policies/director-remuneration-policy>

- A.4** Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative basis.

The consultative vote on the Annual Director Remuneration Report for financial year 2021 yielded 23.96% votes against and 1.46% abstentions at the 2022 General Shareholders' Meeting. In view of these results, the Committee undertook a number of initiatives in order to better understand the reasons why a portion of the shareholders did not vote in favour of the Annual Director Remuneration Report for financial year 2021 and to develop a specific action plan to improve interaction and report on decision-making. Such measures include the following:

- Interaction with investors in order to fully understand their concerns and provide them with more information and context regarding the decisions adopted by the Board of Directors. In this regard, the Investor Relations, ESG and General Secretary's areas and the Board met with 4 proxy advisors and 30 institutional investors who hold an aggregate of 33.4% of Iberdrola's share capital in May and June.
- GAP analysis of remuneration in order to identify the main areas for improvement in remuneration matters and bring it closer to the best international standards (detailed information in this regard is provided in section B.1. of this report)
- Design of an action plan with specific activities, commitments and future requirements in terms of disclosure of information.
- Implementation of improvements in the disclosure of information in the Annual Director Remuneration Report for financial year 2022.

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process of applying the remuneration policy in the year last ended.

Pursuant to Iberdrola's Governance and Sustainability System, the Board of Directors, upon a proposal of the Remuneration Committee, is the body with power to set the remuneration of directors, except the remuneration consisting of the delivery of shares of the Company or of options thereon or which is indexed to the price of the shares of Iberdrola, which must be approved by the shareholders acting at a General Shareholders' Meeting.

At 31 December 2022 and as of the date of preparation of this Report, Iberdrola's Remuneration Committee is made up of three members, 67% of whom are independent directors (2) and 33% of whom are other external directors (1).

- Mr Juan Manuel González Serna (chair, independent)
- Mr Iñigo Víctor de Oriol Ibarra (member, other external)
- Mr Manuel Moreu Munaiz (member, independent)
- Mr Rafael Mateu de Ros Cerezo (secretary, non-member)

The profile of the members of this Committee is available through the following link: <https://www.iberdrola.com/corporate-governance/board-directors/remuneration-committee>

The Committee met on 10 occasions during 2022 and devoted special attention to the continuous improvement of the Annual Director Remuneration Report, the acknowledgement of the designation of new beneficiaries of the 2020-2022 Strategic Bonus following the appointment of the Chief Executive Officer and the review of trends in remuneration parameters, such as the inclusion of indicators aligned with the objectives of the ESG strategy.

There was a particular focus on key aspects such as the remuneration of directors and senior management, and other activities related to the adequacy of information on remuneration.

In compliance with the good practices and recommendations established in "Technical Guide 1/2019 on Nomination and Remuneration Committees", the Remuneration Committee has received support from independent external advisers. In this regard, in all of its decision-making processes, this Committee has received information and advice from the internal services of the Company and from expert external consultants in this area, taking into consideration the most demanding remuneration recommendations and policies at the international level. In particular,

the advice of “PricewaterhouseCoopers Asesores de Negocios, S.L.” (“PwC Asesores”) was relied upon to evaluate the performance of the executive directors during financial year 2022 and to evaluate the parameters for the 2020-2022 Strategic Bonus, and the firm Georgeson provided advice to perform a Gap Analysis in the area of remuneration as well as to prepare the text of this Annual Remuneration Report 2022. The purpose of this Gap Analysis was to identify positive aspects and areas for improvement, designing an action plan for the short and long term. To this end, Georgeson carried out the following activities:

- Analysis of the main reasons for the votes against cast by Iberdrola’s institutional investors in the consultative vote on the Annual Director Remuneration Report for 2021.
- Analysis of the main concerns expressed by the benchmark proxy advisors in connection with the Annual Director Remuneration Report and, if applicable, the Remuneration Policy of Iberdrola.
- Analysis of voting policies in remuneration matters among Iberdrola’s Top 20 foreign institutional investors.
- Analysis of remuneration practices (remuneration policies and reports) of 5 international and domestic peers.

Moreover, in February 2022 the Remuneration Committee received an internal benchmark analysis regarding the total remuneration of executive directors. This analysis used the following criteria to select the comparison group:

1. Utilities (5 selected companies):

- Companies listed on the S&P 500 Utilities and Stoxx Europe 600 indices.
- Companies belonging to the European Round Table of Industrialists (ERT) and Business Round Table (BRT) forums.
- Turnover in the last financial year of a minimum of approximately 50% of Iberdrola's turnover, provided that the market capitalisation exceeds €10,000 million.
- Companies in which the government has a management or ownership stake were eliminated.

2. Conglomerate sample (31 selected companies):

- Companies listed on the FTSE Eurotop 100 and S&P 500 indices.
- Companies belonging to the European Round Table of Industrialists (ERT) and Business Round Table (BRT) forums.

- Turnover in the last financial year and market capitalisation, between approximately 50% and 200% of Iberdrola's size.
- International presence and geographic diversity comparable to those of Iberdrola.
- Financial services and insurance companies excluded.

3. Top IBEX 35 companies by capitalisation (3 selected companies).

4. European companies positioned to tackle the energy transition (6 selected companies).

The list of companies is as follows:

Utilities: DUKE ENERGY CORP, E.ON SE, EXELON CORP, NEXTERA ENERGY, SOUTHERN CO

Conglomerates: 3M CO, ABB LTD-REG, AIR LIQUIDE SA, AIRBUS SE, AMERICAN EXPRESS, ARCHER-DANIELS, BOEING CO/THE, BRISTOL-MYER SQB, CATERPILLAR INC, DEERE & CO, DOW INC, FREEPORT-MCMORAN, GENERAL DYNAMICS, GLAXOSMITHKLINE, HEINEKEN NV, HONEYWELL INTL, HP INC, HUMANA INC, IBM, JOHNSON CONTROLS , LOCKHEED MARTIN, MEDTRONIC PLC, MICRON TECH, NORTHROP GRUMMAN, RAYTHEON TECHNOL, RIO TINTO PLC, SIEMENS AG-REG, STARBUCKS CORP, SYSCO CORP, VODAFONE GROUP, VOLVO AB-A

Ibex-35: BANCO SANTANDER, BBVA, INDITEX

European energy transition companies: BP PLC, ENI SPA, EQUINOR ASA, REPSOL SA, ROYAL DUTCH SHELL, TOTALENERGIES SE

In accordance with the results of the aforementioned study, IBERDROLA's positioning was in the decile of the median of the comparable group both in the dimensions considered in the criteria "capitalisation" and "turnover" and in "total remuneration".

B.1.2 Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

There were no deviations from the established procedure during financial year 2022.

B.1.3 Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability. Similarly,

quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.

No temporary exception was applied in financial year 2022.

B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued. Ensure that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.

As already explained in section A.1.2 of this Report, multi-annual variable remuneration has a high specific weight in the overall remuneration of executive directors, and its main purpose is to align with the interests of shareholders, taking into account the long-term interests and results of the Company.

In this regard, the period for evaluating the performance of the long-term remuneration plans is extended to three years. In addition, the payment of this remuneration is implemented through the delivery of shares over the next three years. And each deferred delivery of shares is subject to prior confirmation by the Remuneration Committee of the validity of the grounds for the evaluation in order to assess whether it is appropriate to totally or partially cancel the corresponding payment and, if applicable, to claim the total or partial reimbursement of the shares already delivered.

As regards the balance between fixed and variable components of remuneration, see the explanation of the remuneration mix in section A.1.2 of this Report.

B.3 Explain how the remuneration accrued and consolidated over the financial the year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration, including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.

The remuneration accrued in financial year 2022 fully conforms to the current Director Remuneration Policy. In this regard:

- (i) The overall limit established in Article 48.1 of the By-Laws is not exceeded, pursuant to which the amount that the Company annually allocates as director remuneration is limited

to a maximum amount equal to 2% of the profits obtained by the consolidated group during the financial year, once the legal and other mandatory reserves have been covered and if there has been an issuance to the shareholders of a dividend of at least 4% of the share capital.

- (ii) It has been set and approved by the competent bodies in compliance with the established procedure; in this regard, the Remuneration Committee, pursuant to the provisions of Article 3 of the Regulations thereof, proposes to the Board of Directors the remuneration policies applicable to the directors and to the members of senior management and regularly revises them, proposing, if applicable, the amendment and update thereof to the Board of Directors. The Remuneration Committee submits the proposed Director Remuneration Policy to the Board of Directors for approval and subsequent submission to the shareholders at the General Shareholders' Meeting, issuing the corresponding specific explanatory report required by Section 529 *novodecies* of the Companies Act.
- (iii) It abides by the principles and structure of remuneration provided for in the Director Remuneration Policy, which have been described in sections A.1.1 and A.1.2 of this report.
- (iv) The annual fixed remuneration to be paid to the directors does not exceed the limits established in said Policy.

The remuneration packages of the Executive Chairman and of the Chief Executive Officer have the following characteristics, which ensure their consistency with the strategy, interests and sustainability of the Company in the long term:

- Total remuneration is made up of the following main components: (i) Base Salary, (ii) Annual Bonus and (iii) Strategic Bonus (Long-Term Incentive). This long-term component will generally account for not less than 50% of the total in the case of the Executive Chairman and 35% in the case of the Chief Executive Officer, in a scenario of achievement of objectives.
- The annual bonus of the Executive Chairman and of the Chief Executive Officer is linked to a combination of specific objectives aligned with the interests of the stakeholders and Iberdrola's strategy. In the case of the Executive Chairman, his objectives for 2022 include 3 metrics relating to sustainability, with a weight of 50%. In the case of the Chief Executive Officer, 4 metrics are included, with a weight of 15%. These metrics are quantitative and auditable and are in turn related to Iberdrola's Strategic Sustainability Plan.
- The long-term remuneration of the Executive Chairman and of the Chief Executive Officer includes a metric related to reduction of the average intensity of CO2 emissions, in line with SDGs 7 (affordable and clean energy) and 13 (climate action). This metric concerns increasing the number of suppliers subject to sustainable development policies and standards, such as the following: (a) a human rights strategy; (b) a code of conduct for their own suppliers; (c) health and safety standards (SDG 3 (good health and well-being)); and (d)

a global environmental sustainability strategy, including strategies for water (SDG 6 (clean water and sanitation)), energy (SDG 7 (affordable and clean energy)) and biodiversity (SDGs 14 (life below water) and 15 (life on land)). There is also a metric concerning closing the gender pay gap at the Iberdrola group level, in line with SDG 5 (gender equality).

- The shares delivered to the Executive Chairman and to the Chief Executive Officer are subject to a 3-year retention period.

Appropriate balance between fixed and variable remuneration components:

- The Executive Chairman and the Chief Executive Officer have a variable remuneration system that includes a minimum threshold below which no incentive is paid. The percentage of short- and long-term variable remuneration may be significant if the objectives are achieved at their maximum level. In any event, said percentage as related to total remuneration (understood to consist of Base Salary, the Annual Bonus and the annualised Strategic Bonus) cannot exceed 80% in the case of the Executive Chairman and 75% in the case of the Chief Executive Officer (in exceptional circumstances, these percentages might be higher, pursuant to the provisions of the Remuneration Policy).
- Sustainability is a basic pillar of the Company's strategy.

A summary of other aspects of the Company's performance in 2022 is provided below:

- EBITDA grew by 10% to over €13,200 million.
- 9,700 MW under construction or assured, of which 5,500 MW are offshore.
- The remuneration basis of regulated assets has grown by €6,300 million to €39,300 million.
- Critical supplies are already secured for growth investments under the 2023-2025 plan: 100% of offshore investments under the 2023-2025 plan, 100% of photovoltaic installation investments for 2023 and approximately 70% of network investments under the 2023-2025 plan.

B.4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	4,643,719,859	72.13%

	Number	% of votes cast
Votes against	1,112,411,085	23.96%
Votes in favour	3,461,397,107	74.54%
Blank ballots	2,150,898	0.05%
Abstentions	67,760,769	1.46%

B.5 Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year

The remuneration of the directors in their capacity as such is determined in the Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 18 June 2021. It has remained unchanged since 2008. Outside directors do not receive variable remuneration.

B.6 Explain how the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties were determined, and how they changed with respect to the previous year.

Salaries accrued during 2022 by the Executive Chairman and the Chief Executive Officer are determined in accordance with the Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 18 June 2021.

The Remuneration Committee proposed to the Board of Directors that the fixed remuneration of the Executive Chairman for financial year 2022 be set at €2,250 thousand, which proposal was approved by the Board of Directors. This amount does not represent an increase compared to the previous financial year. This proposal was made based on the historical results achieved once more by the Company during financial year 2021, when it posted an increase of 8% in consolidated profits compared to 2020.

In the case of the Chief Executive Officer, the Remuneration Committee proposed to the Board of Directors that a fixed remuneration of €1,000 thousand be set for financial year 2022, during the period of that financial year that he performed his duties as Chief Executive Officer.

B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year last ended.

In particular:

- a) Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting

conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

- b) In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.
- c) Each director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).
- d) Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

Pursuant to the Remuneration Policy, the only directors who are entitled to variable remuneration are the executive directors, and therefore, it only applies to the Executive Chairman and to the new Chief Executive Officer. Said remuneration consists of an annual variable component and a long-term variable component.

Executive Chairman

a) **Annual variable remuneration:** This incentivises and rewards performance in connection with a number of financial, non-financial and individual annual objectives, which are consistent with the company's strategy. It is paid in cash and is linked to the results for the previous financial year. The parameters were as follows:

- Economic/financial objectives (weight of 500 out of 1,000)
 - Exceed the net profit for the preceding financial year (weight of 200 out of 1,000).

Net profit for financial year 2022 amounted to €4,339 million, 11.7% higher than the established target of €4,200 million. The achievement level is evaluated at 100%.

- Increase shareholder remuneration in line with growth in net profit (weight of 150 out of 1,000).

Shareholder remuneration amounted to €0.444 per share, an increase in line with net profit. The dividend has grown by 36.2% since 2018, which entails average

annual growth of 8%. Pay-out amounted to 73.6%, within the upper end of the established range. Taking into account the foregoing, the achievement level is evaluated at 100%.

- Maintain financial strength in the FFO/Net Debt ratio at year-end 2021 (weight of 150 out of 1,000).

In terms of financial strength, the year-end FFO/net debt ratio was 24.9%, one percentage point higher than the previous year, and in any case above the target. As the ratio has been improved and the credit rating levels maintained, the achievement level is evaluated at 100%.

- Sustainable development goals (50% weight)

- Continuous increase in female presence in positions of responsibility (weight of 125 out of 1,000)

Female presence in positions of responsibility grew from 33.7% in 2021 to 34.0% in 2022, in addition to a notable percentage of women in senior management (30%) and an improvement in the percentage of women in important positions to 26.1%, as against 24.4% in the previous financial year. In view of the increase in positions of responsibility of 0.3 percentage points, the achievement level is evaluated at 100%.

- Presence on international indices (weight of 250 out of 1,000).

Iberdrola maintains its presence on the world's leading sustainability indices (DJSI, FTSE4Good, 2022 World's Most Ethical Companies). In addition, Iberdrola remains included on numerous sustainable company indices: Global 100, CDP Climate Change, ISS ESG (Prime), MSCI Global Sustainability Index (AAA), Bloomberg Gender Equality Index, etc. As it has maintained the same ratings as in previous financial years on more than 6 benchmark indices, the achievement level is evaluated at 100%.

- Exceed ratio of training hours received per employee over that of comparable companies (weight of 125 out of 1,000).

The number of training hours provided in 2022 amounts to 68.7 hours/employee, far higher than comparable companies according to FUNDAE (State Foundation for Employment Training), far exceeding full compliance with the objective. As the number of hours has exceeded 60 per annum, the achievement level is evaluated at 100%.

- b) **Long-term variable remuneration:** Long-term incentive plans seek to incentivise the creation of long-term value, aligning the interests of the directors and shareholders through the granting of shares.

The 2017-2019 Strategic Bonus has a term of six years, with the period covering financial years 2017 to 2019 being the period for evaluation of the performance level in relation to the parameters to which said Bonus is linked, and the period covering financial years 2020 to 2022 being the period for payment thereof, which was made through the deferred delivery of shares over those three years. The third of the three deliveries of shares was made on 23 February 2022, after the Remuneration Committee issued a report confirming that the grounds for this deferred variable remuneration still applied.

The 2020-2022 Strategic Bonus has a term of six years, with the period covering financial years 2020 to 2022 being the period for evaluation of the performance level in relation to the parameters to which the 2020-2022 Strategic Bonus is linked, and the period covering financial years 2023 to 2025 being the period for payment thereof, which will be made through the deferred delivery of shares over those three years. Performance is evaluated based on the following financial, business and sustainable development parameters, which present a challenging scenario for a company that continues to have profitable growth and is financially strong and committed to the Sustainable Development Goals:

- 2022 consolidated Net Profit (30% Weight). Target (4,200 Million). Result 4,339 Million. Achievement level 100%.
- Increase total shareholder return (2020-2022) as compared with the Euro Stoxx Utilities Index (20% Weight). Index result + 18.92 bp. Achievement level 100%.
- Improve financial strength measured through the FFO/Net Debt ratio (20% Weight) Target (22%) Result 25.43%. Achievement level 100%.
- Parameters related to the Sustainable Development Goals (“SDGs”) (30% Weight):
 - o Reduction in the average intensity of CO₂ emissions of the Iberdrola group (10% weight). Target (average intensity of own emissions of CO₂ equal to 105 g CO₂/kWh in the 2020-2022 period). Result 93 g CO₂/kWh. Achievement level 100%.
 - o Increase the number of suppliers subject to sustainable development policies and standards (10% weight). Target (70% main suppliers). Result 77.6%. Achievement level 100%.
 - o Close the salary gap between women and men at the Iberdrola group level (10% weight). Target (Less than 2%). Result of positive pay gap in favour of women of 5.5%. Achievement level 100%.

- B.8** Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the “malus” (reduction) or clawback clauses, why they were implemented and the years to which they refer.

During financial year 2022 there has been no reduction in, nor any demand for return of, any variable component of the remuneration of the Executive Chairman or of the Chief Executive Officer, nor have any amounts been reduced or returned due to the application of the claw-back clause.

- B.9** Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the directors and their compatibility with any type of indemnification for early termination or cessation of the contractual relationship between the company and the director.

The Company does not currently have any long-term savings scheme except for the Chief Executive Officer Mr Armando Martínez, who has a group life insurance policy with an undertaking assumed when he was a member of senior management, and which has not been changed as a result of his appointment as Chief Executive Officer. This policy provides coverage for the supplementary social security contributions regime established to enhance the regime that would apply to him pursuant to applicable law and the Collective Bargaining Agreement.

This is a defined contribution plan applicable for retirement, death and disability for any reason, meaning that the director will have the financial rights he has acquired at the normal retirement age, and the grounds for any early termination of the contractual relationship will determine his rights. The policy expressly acknowledges that in the event of cessation of office or resignation or improper payment, the Policyholder undertakes to pay the amount that has been surrendered under the policy in relation to the retirement contingency.

- B.10** Explain, where applicable, the indemnification or any other type of payment deriving from the early cessation, whether at the company's or the director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by directors during the year last ended.

Pursuant to the provisions of Section 4.3 of the Director Remuneration Policy regarding the non-competition commitment of external non-proprietary directors, Mr Francisco Martínez Córcoles, who resigned as a director on 25 October 2022, received a severance payment equal to 90% of the fixed amount he would have received for the remainder of his term, with a maximum equal

to double the 90% of said fixed annual amount. The amount of this severance payment is shown in section C of this Report.

B.11 Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

The new contract of the Chief Executive Officer Mr Armando Martínez Martínez, who was appointed in financial year 2022 and previously held the position of Business CEO, complies with all requirements and conditions of Iberdrola's Director Remuneration Policy approved on 18 June 2021. The contract specifically includes the following conditions:

- Indefinite duration.
- The Chief Executive Officer's contract is governed by the regulations established under applicable law for this case.
- Compliance with the Governance and Sustainability System.
- Commitment not to compete during the effective period of the contract and for one year post-termination. In compensation for this post-contractual commitment not to compete, he is entitled to compensation equal to one annual salary, which will include any severance payment for termination of contract in all cases.
- Duty of confidentiality both during the effective period of the contract and following termination of the relationship.

The provisions of Iberdrola's Director Remuneration Policy have been applied for the Chief Executive Officer's remuneration, with the following structure:

- Fixed remuneration: €1,000 thousand.
- Short-term variable remuneration (annual bonus): maximum of €1,500 thousand.
- Long-term variable remuneration (strategic bonus): beneficiary of variable remuneration plans for the executive directors. Up to a maximum of 240,000 shares in the case of the Chief Executive Officer, which was assigned to him in 2020 when he was a member of senior management and has not been changed as a result of his appointment as Chief Executive Officer, for the 2020-2022 Strategic Bonus, with deliveries pursuant to prior evaluation in 2023-2025.
- Application of malus and clawback clauses under Iberdrola's Director Remuneration Policy.

Finally, the Chief Executive Officer is entitled to receive severance pay equivalent to two times his annual salary in the event of termination of his executive relationship with the Company, provided that said termination is not due to a breach attributable to the

beneficiary or solely due to a voluntary decision thereof. In addition, a general termination notice period of three months.

- B.12** Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

During 2022 there was no supplementary remuneration for the directors for services other than those inherent in their position.

- B.13** Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.

During 2022 there was no remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.

- B.14** Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.

Remuneration in kind for all members of the Board of Directors is not significant and has not exceeded €220 thousand (mainly the employee electricity rate and health and casualty insurance).

- B.15** Explain the remuneration accrued by any director by virtue of payments made by the listed company to a third company in which the director provides services when these payments seek to remunerate the director's services to the company.

During 2022 no remuneration was accrued by the directors of Iberdrola by virtue of payments made by the listed company to a third company in which the director provides services.

- B.16** Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other concepts" heading in Section C.

The Executive Chairman has received remuneration as chairman of the Boards of Directors of Avangrid, Inc. and of Neoenergia S.A. The amount of said remuneration is reflected in section C of this Report.

C ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year 2022
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	Executive Chairman	From 01/01/2022 until 31/12/2022
Mr ARMANDO MARTÍNEZ MARTÍNEZ	Chief Executive Officer	From 25/10/2022 until 31/12/2022
Mr JUAN MANUEL GONZÁLEZ SERNA	Independent Director	From 01/01/2022 until 31/12/2022
Mr ANTHONY L. GARDNER	Independent Director	From 01/01/2022 until 31/12/2022
Mr IÑIGO VÍCTOR DE ORIOL IBARRA	Other External Director	From 01/01/2022 until 31/12/2022
Ms MARÍA HELENA ANTOLÍN RAYBAUD	Other External Director	From 01/01/2022 until 31/12/2022
Mr MANUEL MOREU MUNAIZ	Independent Director	From 01/01/2022 until 31/12/2022
Mr XABIER SAGREDO ORMAZA	Independent Director	From 01/01/2022 until 31/12/2022
Ms SARA DE LA RICA GOIRICELAYA	Independent Director	From 01/01/2022 until 31/12/2022
Ms NICOLA MARY BREWER	Independent Director	From 01/01/2022 until 31/12/2022
Ms REGINA HELENA JORGE NUNES	Independent Director	From 01/01/2022 until 31/12/2022
Mr ÁNGEL JESÚS ACEBES PANIAGUA	Independent Director	From 01/01/2022 until 31/12/2022
Ms MARÍA ÁNGELES ALCALÁ DÍAZ	Independent Director	From 01/01/2022 until 31/12/2022
Ms ISABEL GARCÍA TEJERINA	Independent Director	From 01/01/2022 until 31/12/2022
Mr FRANCISCO MARTÍNEZ CÓRCOLES	Other External Director	From 01/01/2022 until 25/10/2022

C.1 Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in year 2022	Total in year 2021
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	567	92		2,250	3,250			186	6,345	6,266
Mr ARMANDO MARTÍNEZ MARTÍNEZ	30	6	16	1,000	953	1,160		75	3,240	1,121
Mr JUAN MANUEL GONZÁLEZ SERNA	165	108	275					1	549	552
Mr ANTHONY L. GARDNER	165	94	275					2	536	331
Mr IÑIGO VÍCTOR DE ORIOL IBARRA	165	42	88					6	301	297
Ms MARÍA HELENA ANTOLÍN RAYBAUD	165	58	131					7	361	502
Mr MANUEL MOREU MUNAIZ	165	66	88					3	322	326
Mr XABIER SAGREDO ORMAZA	165	82	275					5	527	508
Ms SARA DE LA RICA GOIRICELAYA	165	62	275					3	505	499
Ms NICOLA MARY BREWER	165	42	88					1	296	290
Ms REGINA HELENA JORGE NUNES	165	52	88					1	306	294
Mr ÁNGEL JESÚS ACEBES PANIAGUA	165	88	232					10	495	323
Ms MARÍA ÁNGELES ALCALÁ DÍAZ	165	52	88					2	307	52
Ms ISABEL GARCÍA TEJERINA	165	42	88					2	297	11
Mr FRANCISCO MARTÍNEZ CÓRCOLES	165	18					297	4	484	2,174

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Name of Plan	Financial instruments at start of year 2022		Financial instruments granted during year 2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent / vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)		No. of instruments	No. of equivalent shares
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	17-19 Strategic Bonus		1,900,000				633,334	9.99	6,326			0
	20-22 Strategic Bonus		1,900,000					0				1,900,000
Mr ARMANDO MARTÍNEZ MARTÍNEZ	20-22 Strategic Bonus		240,000					0				240,000
Mr FRANCISCO MARTÍNEZ CÓRCOLES	17-19 Strategic Bonus		300,000				100,000	9.34	934			0
	20-22 Strategic Bonus		300,000					0				300,000

Observations

Up to a maximum of 240,000 shares in the case of the Chief Executive Officer, which was assigned to him in 2020 when he was a member of senior management and has not been changed as a result of his appointment as Chief Executive Officer.

iii) Long-term savings schemes

Name	Remuneration for vested rights in savings schemes
Director 1	

	Contribution by the company in the financial year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
Name	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights					
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022		Year 2021	
					Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights
Mr ARMANDO MARTÍNEZ MARTÍNEZ	100	100			904		771	

Observations

In the case of the Chief Executive Officer, this commitment was acquired when he was a member of senior management and has not been changed as a result of his appointment as Chief Executive Officer. The above amounts are as at 28 February 2033.

iv) Details of other items

Name	Item	Remuneration amount
Director 1		

Observations

b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for members hip of board committee	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in year 2022	Total in year 2021
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN									389	325
Ms MARÍA ÁNGELES ALCALÁ DÍAZ										67
Ms ISABEL GARCÍA TEJERINA										114

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Name of Plan	Financial instruments at start of year 2022		Financial instruments granted during year 2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Director 1	Plan 1											
	Plan 2											

Observations

iii) Long-term savings schemes

Name	Remuneration for vested rights in savings schemes
Director 1	

	Contribution by the company in the financial year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
Name	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights					
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022		Year 2021	
					Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights

Observations

iv) Details of other items

Name	Item	Remuneration amount
Director 1		

Observations

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year t company	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2022 group	Total in year 2022 company + group
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	6,345	6,326			12,671	389				389	13,060
Mr ARMANDO MARTÍNEZ MARTÍNEZ	3,240				3,240						3,240
Mr IÑIGO VÍCTOR DE ORIOL IBARRA	301				301						301
Ms MARÍA HELENA ANTOLÍN RAYBAUD	361				361						361
Mr MANUEL MOREU MUNAIZ	322				322						322
Mr XABIER SAGREDO ORMAZA	527				527						527
Mr JUAN MANUEL GONZÁLEZ SERNA	549				549						549
Mr FRANCISCO MARTÍNEZ CÓRCOLES	484	934			1,418						1,418
Mr ANTHONY L. GARDNER	536				536						536
Ms SARA DE LA RICA GOIRICELAYA	505				505						505
Ms NICOLA MARY BREWER	296				296						296

Ms REGINA HELENA JORGE NUNES	306				306						306
Mr ÁNGEL JESÚS ACEBES PANIAGUA	495				495						495
Ms MARÍA ÁNGELES ALCALÁ DÍAZ	307				307						307
Ms ISABEL GARCÍA TEJERINA	297				297						297
TOTAL	14,871	7,260			22,131	389				389	22,520

Observations

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Year 2022	% change 2022/2021	Year 2021	% change 2021/2020	Year 2020	% change 2020/2019	Year 2019	% change 2019/2018	Year 2018
Executive directors									
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	13,060	-1.10	13,205	8.23	12,201	16.96	10,432	9.22	9,551
Mr ARMANDO MARTÍNEZ MARTÍNEZ	3,240	189.03	1,121						
External directors									
Mr JUAN MANUEL GONZÁLEZ SERNA	549	-0.54	552	2.99	536	10.29	486	25.58	387
Mr ANTHONY L. GARDNER	536	61.93	331	14.93	288	1.41	284	43.43	198
Mr IÑIGO VÍCTOR DE ORIOL IBARRA	301	1.35	297	-5.41	314	1.29	310	4.73	296
Ms MARÍA HELENA ANTOLÍN RAYBAUD	361	-28.09	502	1.21	496	-0.60	499	2.67	486
Mr MANUEL MOREU MUNAIZ	322	-1.23	326	0.31	325	3.17	315	-0.63	317
Mr XABIER SAGREDO ORMAZA	527	3.74	508	0.59	505	6.54	474	60.68	295
Ms SARA DE LA RICA GOIRICELAYA	505	1.20	499	29.61	385	76.61	218	-	0
Ms NICOLA MARY BREWER	296	2.07	290	36.79	212	-	0	-	0
Ms REGINA HELENA JORGE NUNES	306	4.08	294	36.11	216	-	0	-	0
Mr ÁNGEL JESÚS ACEBES PANIAGUA	495	53.25	323	429.51	61	-16.44	73	-76.75	314
Ms MARÍA ÁNGELES ALCALÁ DÍAZ	307	157.98	119	-	0	-	0	-	0
Ms ISABEL GARCÍA TEJERINA	297	137.60	125	-	0	-	0	-	0
Mr FRANCISCO MARTÍNEZ CÓRCOLES	1,418	-55.67	3,199	3.36	3,095	-1.37	3,138	6.95	2,934
Consolidated results of the company	4,339	11.69	3,885	7.59	3,611	4.18	3,466	15.00	3,014
Average employee remuneration	83	7.79	77	-1.28	78	-4.88	82	3.80	79

Observations

Ms Samantha Barber and Mr Jose Walfredo Fernández are not included in this table as they ceased to be members of Iberdrola’s Board of Directors on 26 October and 6 August 2021, respectively.

D OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

As is customary, in January 2023 the Company asked Ernst & Young (EY) to prepare a benchmark analysis of the total remuneration of the Executive Chairman.

This analysis used the following criteria to select the comparison group:

1. Utilities (5 selected companies):

- Companies listed on the Stoxx Europe 600 and S&P 500 Utilities indices.
- Companies belonging to the European Round Table of Industrialists and Business Round Table.
- Turnover in the last financial year of at least 50% of IBERDROLA's turnover, provided that the market capitalisation exceeds €10,000 million. This minimum turnover standard is not applied to companies with a market capitalisation higher than that of IBERDROLA.
- Companies in which the government has a management or ownership stake have been eliminated.

2. Conglomerate sample (33 selected companies):

- Companies listed on the FTSE Eurotop 100 and S&P 500 indices.
- Companies belonging to the European Round Table of Industrialists and Business Round Table.
- Turnover in the last financial year and market capitalisation, between approximately 50% and 200% of IBERDROLA's size.
- International presence and geographic diversity comparable to those of IBERDROLA.
- Financial services and insurance companies excluded.

3. Top IBEX 35 companies by capitalisation (3 selected companies).

4. European companies positioned to tackle the energy transition (4 selected companies).

The list of companies is as follows:

Utilities:

DUKE ENERGY CORP
E.ON SE
EXELON CORP
NEXTERA ENERGY

SOUTHERN CO

Conglomerates:

3M CO
ABB LTD-REG
ARCHER-DANIELS
BOEING CO/THE
CATERPILLAR INC
DEERE & CO
DOW INC
GENERAL DYNAMICS
GSK PLC
HONEYWELL
HUMANA
IBM
LOCKHEED MARTIN
MEDTRONIC PLC
MICRON TECH
NORTHROP GRUMMAN
RAYTHEON TECHNOL
RIO TINTO PLC
SIEMENS AG-REG
STARBUCKS CORP
SYSCO CORP
VOLVO AB-B
BASF SE
CONOCOPHILLIPS
DEUTSCHE TELEKOM
FEDEX CORP
GENERAL ELECTRIC
GENERAL MOTORS C
LOWE'S COS INC
PHILLIPS 66
QUALCOMM
SAP SE
TARGET CORP

Ibex 35:

BANCO SANTANDER
BBVA
INDITEX

Energy transition:

BP PLC
REPSOL SA
SHELL PLC
TOTALENERGIES SE

IBERDROLA is positioned around the median of the comparable group in both the dimensions considered in the criteria (capitalisation and turnover) and in total remuneration.

This Annual Corporate Governance Report was approved by the company's board of directors at a meeting thereof held on:

21/02/2023.

Indicate whether any director voted against or abstained from approving this report.

Yes ☐

No ☒