



# Activities Report of the Board of Directors and of the Committees thereof / 2023



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# 1. Presentation



In 2023, the Board of Directors of “Iberdrola, S.A.” and its Committees have continued to perform their duties of strategic supervision, organisation and coordination based on the Group’s pioneering drive toward clean energy.

In a complex and changing context, the dual work of the Company’s governance bodies - reaffirming the Group’s strategic pillars and adapting their application to the environment - is a fundamental pillar for continuing to grow and making an ever greater contribution to the economic and social progress of all the communities in which we have a presence.

Thus, we have accelerated investments in electricity networks, renewables and storage to a new record of €11,382 million in 2023. As a result, the hundreds of projects launched throughout the year are already generating, distributing and supplying safe, efficient and sustainable energy to more than 100 million people worldwide. Their construction and operation have also led to purchases of €18,111 million in the year, supporting close to 500,000 jobs at thousands of suppliers.

Our investment activity has led us to reaffirm our presence in markets such as the United States of America, the United Kingdom, Brazil and Spain, in addition to reinforcing our drive towards other markets such as Germany, France and Australia. We have also made significant progress in the achievement of our Strategic Plan, such as the execution (in barely 12 months) of the asset rotation plan for 2025, thanks to the agreement reached in Mexico (whereby we will continue to grow and supply competitive and clean energy to large customers in the country) and alliances with other leading partners. This is allowing us to maximise the value of our project portfolio, preserve our financial strength and accelerate the energy transition in all our markets.

To achieve this, it has been necessary to address challenges such as the global supply chain situation, which has impacted all industrial sectors. Once again, our proactive strategy and extensive network



of suppliers, true allies over decades of collaboration, have enabled us to deliver on our investment programme.

All of these activities have been carried out subject to the highest standards of transparency, ethics, and compliance, to which the Board of Directors (and the entire Iberdrola workforce) remains fully committed. For this reason, we have been recognised for another year as the Spanish company with the best corporate governance practices (according to World Finance) and, for the tenth consecutive year, as one of the most ethical companies in the world (according to the Ethisphere Institute).

This *Activities Report of the Board of Directors and of the Committees thereof* contains a detailed account of all the actions carried out during the year and reaffirms our commitment to maintaining a pioneering Governance and Sustainability System that is in a process of continuous improvement.

The Board of Directors, its Committees, and the more than 42,300 people who make up the Iberdrola Group are facing 2024 with the goal of continuing to promote energy autonomy and decarbonisation as key factors for the progress of society and sustainable development. Agreements such as the one reached by close to 200 countries at the last Climate Summit in Dubai to move away from fossil fuels and triple renewable capacity by 2030 support the wisdom of our strategy, and further encourage us to continue promoting the energy transition as the best way to protect the environment and create jobs, wealth and prosperity in our environment.



# 2. Board of Directors



The Board of Directors of “Iberdrola, S.A.” (hereinafter, also the “**Company**”), focuses its activity on approving strategic goals at the level of the Iberdrola Group (also the “**Group**”), on defining its organisational model, and on supervising compliance therewith and further development thereof. In addition, the Board of Directors continuously designs, evaluates and reviews the Company’s Governance and Sustainability System so as to be at the forefront of Environmental, Social & Governance + Finance (ESG+F) issues. Furthermore, since 2021 it has approved and updated the Climate Action Plan, which is prepared with a view to achieving greenhouse gas emissions neutrality by 2040<sup>1</sup> and which represents an example of the Company’s firm commitment to the protection of the environment and to combating climate change, as expressly set out in the *By-Laws*, in the *Environmental Policy* (in effect since 2007) and in the *Climate Action Policy* (in effect since 2009), among other rules of this System.

## 2.A Composition and attendance

The structure and composition of the Board of Directors is a key element of good corporate governance, as it affects its effectiveness and influences the quality of its decisions and its ability to effectively promote the corporate interest. Accordingly, in accordance with the *Board of Directors Diversity and Member Selection Policy*, the Company encourages this body to have an independent, plural and balanced composition, with regular and staggered renewal of its members, whose diversity reflects the international nature of the Iberdrola Group and enriches the deliberations of and resolutions adopted by the Board of Directors and its committees as a result of the contribution of different viewpoints.

In this regard, the Board of Directors of “Iberdrola, S.A.” has directors with remarkable professional qualifications and experience, reflecting the aforementioned focus on diversity in terms of expertise, origin and gender. In particular, among its members (43% of whom are women), there are six different nationalities and diverse experience in office (specifically, 57% of the directors have been in office for five years or less, as a result of the staggered and orderly renewal provided for in the succession plan for non-executive directors).

On the other hand, the Board of Directors only has 2 executive directors, the chairman and the chief executive officer, which means that 86% of its members are classified as external directors. In turn, 83% of the external directors meet the requirements to be classified as independent in accordance with the *Spanish Companies Act (Ley de Sociedades de Capital)*. This is due to the fact that two of the 12 external directors do not maintain the independent director status with which they were originally appointed solely due to the fact of having exceeded 12 years in the position, and not due to any other circumstance that could affect their independence of judgement, insofar as they continue to have no personal or professional ties with the Company.

The directors showed absolute dedicated and commitment to their duties in financial year 2023, as in previous years, and a good example of this is the average percentage of attendance of the members at meetings of the Board of Directors, which stood at over 98%, this minimal difference compared to

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



100% being the result of the proven inability of one of its members to attend two meetings held on two consecutive days for reasons of force majeure and in respect of which he granted his proxy in favour of another director with specific voting instructions.

Given that the composition of the Board of Directors is a top priority, as previously mentioned, and particularly when vacancies arise, the Appointments Committee regularly reviews the criteria for the selection of candidates for director and assists the Board of Directors in defining the profiles that these candidates must meet, in view of the needs of the management decision-making body and based on the areas that should be strengthened, endeavouring to ensure in any event that the selection procedures do not suffer from implicit biases that could entail any discrimination.

In particular, in line with the *Board of Directors Diversity and Member Selection Policy*, the Appointments Committee will first consider the external directors of companies of the Group when determining candidates for independent director. Likewise, the identification of candidates for executive director shall first take into account management personnel who have been linked to the Company or other companies of the Group for at least five years. This selection criterion makes it possible to ensure that the candidates are acquainted with the industry and with the activities of the Group's companies, and that they will rapidly adapt to the dynamics of the Board of Directors. In turn, it gives the Appointments Committee first-hand knowledge of the skills, working capacity, commitment to the position and potential for the contribution of value of the candidates for director.

During financial year 2023, six directors have been re-elected by the shareholders at a General Shareholders' Meeting. Of particular note is the re-election of the chairman and of the chief executive officer, with over 95% support in both cases.

*Board of Directors Diversity  
and Member Selection Policy*



*Diversity and Inclusion and  
Anti-Harassment Policy*







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

(I) Member of the Executive Committee

(II) Member of the Audit and Risk Supervision Committee

(III) Member of the Appointments Committee

(IV) Member of the Remuneration Committee

(V) Member of the Sustainable Development Committee



**José Ignacio Sánchez Galán (I)**

Chair

Type: executive

Year of first appointment: 2001



**Armando Martínez Martínez (I)**

Chief executive officer

Type: executive

Year of first appointment: 2022



**Juan Manuel González Serna (I) (IV)**

First vice-chair and lead independent director

Type: independent

Year of first appointment: 2017



**Anthony L. Gardner (I) (III)**

Second vice-chair

Type: independent

Year of first appointment: 2018



**Íñigo Víctor de Oriol Ibarra (IV)**

Type: other external<sup>2</sup>

Year of first appointment: 2006



**María Helena Antolín Raybaud (III)**

Type: other external<sup>2</sup>

Year of first appointment: 2010



**Manuel Moreu Munaiz (I) (IV)**

Type: independent

Year of first appointment: 2015



**Xabier Sagredo Ormaza (II)**

Type: independent

Year of first appointment: 2016

<sup>2</sup> Mr Íñigo Víctor de Oriol Ibarra and Ms María Helena Antolín Raybaud are classified as other external because they have exceeded 12 years in office.



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

Type: independent

Year of first appointment: 2019



**Nicola Mary Brewer (V)**

Type: independent

Year of first appointment: 2020



**Regina Helena Jorge Nunes (II)**

Type: independent

Year of first appointment: 2020



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

Type: independent

Year of first appointment: 2020



**María Ángeles Alcalá Díaz (II)**

Type: independent

Year of first appointment: 2021



**Isabel García Tejerina (V)**

Type: independent

Year of first appointment: 2021



**Santiago Martínez Garrido**

Secretary (non-director)



**Ainara de Elejoste Echebarría**

Deputy secretary (non-director)

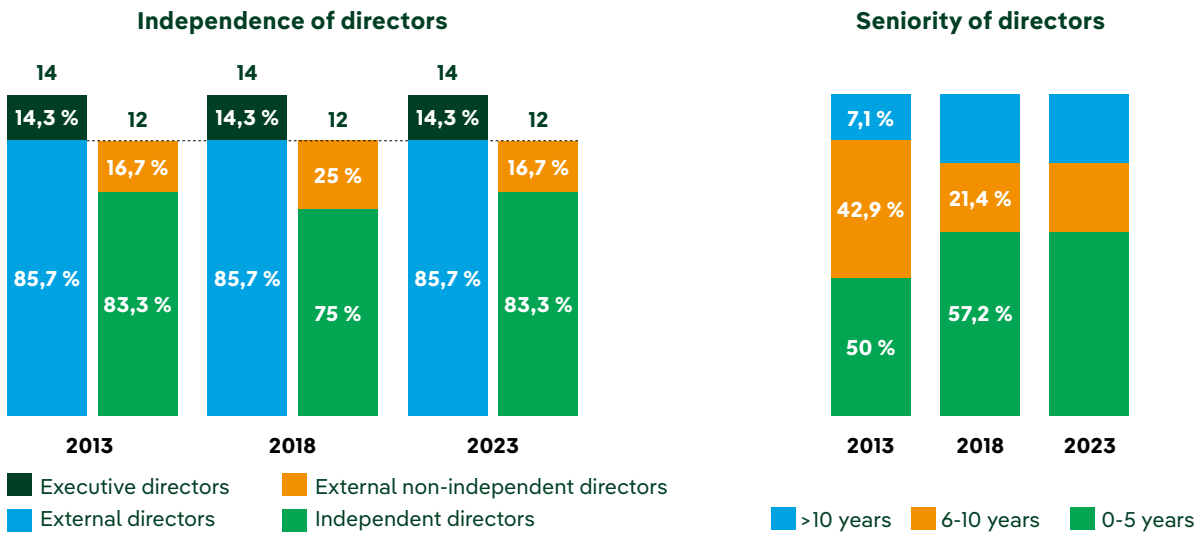


**Rafael Sebastián Quetglas**

Counsel to the Board

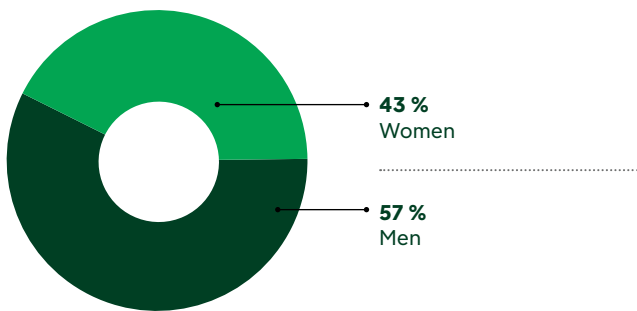


## Seniority and independence of the directors



## Gender and nationalities

### Gender diversity



### Nationalities



## Profile and noteworthy skills of the directors

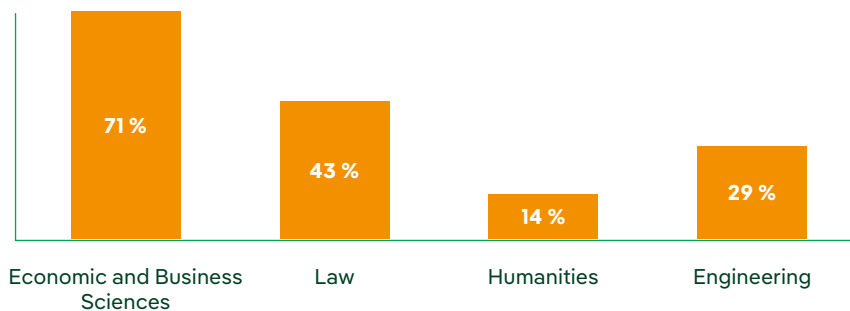
The members of the Board of Directors of “Iberdrola, S.A.” have a wide range of knowledge, skills and experience that is appropriate not only to the matters required for the performance of their duties but also to industry needs and the competitive position of the Company. Specifically, the directors as a whole have extensive knowledge of business management, the energy sector, cybersecurity, climate action, finance and risk, as well as the markets in which the Iberdrola Group operates, among others. These skills have been strengthened and expanded throughout their professional careers at “Iberdrola, S.A.” and in the performance of professional activities in addition to their position as directors of the Company.<sup>3</sup>

<sup>3</sup> The attribution to directors of skills and capacities in relation to sustainable development and climate change is based on: (i) their previous experience in commissions, committees or similar bodies, whether public or private, related to both issues; (ii) their participation in boards of trustees of foundations with social or environmental objectives; (iii) the recognition obtained for their achievements in the aforementioned areas; and (iv) their prior experience regarding risks and opportunities arising from climate change and decarbonisation strategies.



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

## Academic training



## 2.B Key issues

One of the main focus areas for the Board of Directors during 2023 was the **monitoring of risks** with the greatest potential impact on the implementation of the Group’s strategy, including macroeconomic risks with the greatest impact on the energy sector (e.g. conflict between Russia and Ukraine, war in Israel, etc.) and regulatory changes in the markets in which the Group operates (e.g. European electricity market reform process).

The Board of Directors also devoted a significant portion of its time to **supervising various corporate transactions and strategic alliances** formalised by companies of the Iberdrola Group. Some of the key transactions and alliances are: (i) the signing of a binding agreement with “Mexico Infrastructure Partners” (MIP) for the sale of part of the Group’s business in Mexico (sale closed in February 2024); (ii) the creation of a new company by Iberdrola and BP to create the largest fast and ultra-fast charging network in Spain and Portugal; (iii) the formalisation of strategic agreements with “Masdar Baltic Eagle Germany GmbH” (Masdar) to co-invest in the Baltic Eagle offshore wind farm (Germany) and with “Copenhagen Infrastructure Partners P/S” (CIP) in relation to Vineyard Wind One; (iv) the creation of a joint venture with “Shell, Plc.” to develop offshore and onshore wind projects awarded



by “ScotWind”; and (v) the alliance signed with the sovereign fund of Singapore, “GIC Private Limited” (GIC) for the expansion of electricity transmission grids in Brazil.

In addition, the Board of Directors **has supervised the level of implementation of the four pillars of the Company’s Strategic Plan 2023-2025**, presented during the Capital Markets Day held in November 2022. These pillars include:

- Focus on network growth, increasing the asset base by more than 8%;
- Selective investment in renewable energy, reaching 42,187 MW of installed capacity;
- Investment in countries with high credit ratings, with close to 80% of EBITDA generated in countries rated A or higher; and
- The reinforcement of financial soundness, with an adjusted debt-to-operating funds coverage ratio of approximately 25.8%<sup>4</sup>.

It is worth noting that a large portion of the commitments made in the aforementioned Strategic Plan for 2025 had been exceeded at the end of September 2023, as well as the completion within the first half of 2023 of the EUR 7,500 million non-core Asset Rotation Roadmap for that year, which issues will be reported in detail at the next Capital Markets & ESG Day, which is scheduled to take place in March 2024.

Finally, among other matters examined by the Board of Directors during financial year 2023, **the Governance and Sustainability System was amended** in order to, among other aspects: (i) adapt the duties of supervision, organisation and coordination at the various corporate levels of the Iberdrola Group (holding company, country subholding companies and head of business companies) in line with the proposed amendments to the By-Laws submitted for approval at the General Shareholders’ Meeting held on 28 April 2023; (ii) revise the Company’s Compliance System to conform it to the most advanced international practices and new requirements in this area; and (iii) reaffirm the overall strategy of ongoing engagement of the shareholders in corporate life throughout the year, i.e. not limited to the General Shareholders’ Meeting.

A faithful reflection of this excellent management of the Board of Directors of “Iberdrola, S.A.” during financial year 2023 is the recognition of the highest management decision-making body as “Best Board of Directors” in the first year of this award in the ranking of the best companies and managers in the various European sectors (*Developed Europe Executive Team*) prepared annually by Institutional Investor Research Group, a ranking in which the chairman of the Board of Directors, Mr José Ignacio Sánchez Galán, was also recognised, for the twelfth time, as the best chief executive of an electricity company.

This category, the first year of which occurred in 2023, aims to reward those boards that, among other issues, have stood out for their work in areas such as: (i) strategy and oversight; (ii) composition and diversity of the board; and (iii) renewal processes of the board.

<sup>4</sup> Based on pro-forma FFO/Net Debt 2023, considering collection from Mexico.



## Balanced growth

- Monitoring of the *Outlook 2020-2025* and the Strategic Plan 2023-2025.
- Preparation of the group's individual and consolidated annual financial statements.
- Presentation of quarterly, half-yearly and annual results.
- Supervision of the performance and expectations of each of the Iberdrola Group's businesses, as well as issues with a strategic impact on them: regulatory and technological changes, as well as risks and opportunities arising from the energy transition, public energy policies, decarbonisation and climate change.
- Analysis of current issues in the energy sector in the countries in which the Iberdrola Group operates, including decarbonisation and electrification as the main opportunities.
- Monitoring of the participation of companies of the Iberdrola Group in projects related to the electrification of energy uses.
- Monitoring of corporate transactions, including the agreement with "Mexico Infrastructure Partners" (MIP) for the sale of part of the Iberdrola Group's business in Mexico, the potential acquisition of "PNM Resources Inc." by the Avangrid Group, the alliance signed with the sovereign fund of Singapore "GIC Private Limited" (GIC) for expansion of the electricity transmission grids in Brazil, and the creation of a new company between Iberdrola and BP to create the largest fast and ultra-fast charging network in Spain and Portugal.
- Monitoring of the European electricity market reform process.
- Budgets for financial year 2024.

## Sustainable remuneration of shareholders

- Shareholder remuneration in line with the *Shareholder Remuneration Policy* and disclosures to the markets and information provided to the markets, and particularly 10.8% increase in the 2023 dividend, to €0.55 per share.
- Renewal of the "Iberdrola Retribución Flexible" optional dividend system.
- Encouragement of participation in the General Shareholders' Meeting, including the payment of financial incentives for participation (in the case of financial year 2023, payment of an engagement dividend conditional on reaching a quorum of at least 70% of the share capital at the General Shareholders' Meeting).

## Environmental, Social & Governance + Finance (ESG+F) Strategy

- Preparation of the *Statement of Non-Financial Information. Sustainability Report*.
- Assessment of the Group's positioning with respect to ESG+F issues.
- Approval of the *Integrated Report. February 2023*.
- Acknowledgement of the level of achievement of the *Sustainable Development Plan 2020-2022. Energy to thrive* and of the proposed update for the 2023-2025 period.

### Environment

- Monitoring of the main activities of the Group in connection with the Climate Action Plan.
- Monitoring of the outcome of the United Nations Climate Change Conference (COP 28) and the impact of the Iberdrola Group's participation.
- Monitoring of risks and opportunities arising from climate change.



- Monitoring of the activities of the Group's companies with a strategic impact related to climate change and economic recovery.
- Monitoring of potential operational and market impacts on the businesses arising from extreme weather events.
- Monitoring of circular economy and climate governance projects carried out within the Group.
- Monitoring of the sustainability of the supply chain and, in particular, of the Company's supply chain relationship processes with its suppliers.
- Revision of the rules of the book three on the environment and climate action, and particularly amendment of the *Environmental Policy* to (i) include a reference to the application by the common environmental management model of the principles of pollution prevention, precaution and continuous improvement; and (ii) conceptualise the environment as a central example for the achievement by all Group companies of their vision of building an energy model in harmony with nature and humankind.

### **Social:**

- Supervision and update of activities with an impact on the social dividend.
- Approval of the *Tax Transparency Report* for financial year 2022.
- Approval of the *Diversity and Inclusion Report* for financial year 2022.
- Monitoring of the implementation of the *Policy on Respect for Human Rights*.
- Monitoring of the initiatives of the Pro Bono programme, through which the Legal Services of the Group's companies provide free legal advice to non-profit organisations pursuing purposes of general interest.
- Acknowledgement of the report of the Foundations Committee regarding the budgets of the various foundations linked to the Iberdrola Group.
- Monitoring of the CONVIVE programme, which aims to ensure that the development of renewable energy generates positive impacts for all stakeholders.
- Revision of the rules of book four on social commitment, particularly (i) to adapt the terminology relating to disability, discrimination and other references to inclusive language to meet the criteria followed by the sustainability indices and best market practices, (ii) to include in the *Selection and Hiring Policy* a new basic principle of conduct related to offering professional candidates of the Group an experience in which efficiency and transparency are prioritised; and (iii) to update the segmentation and names of the Company's Stakeholders.

### **Governance:**

- Submission to the shareholders of proposed re-elections of directors: Mr José Ignacio Sánchez Galán, Mr Armando Martínez Martínez, Ms María Helena Antolín Raybaud, Mr Manuel Moreu Munaiz, Mr Xabier Sagredo Ormaza and Ms Sara de la Rica Goiricelaya.
- Re-election of Mr José Ignacio Sánchez Galán as executive chairman of the Board of Directors and Mr Armando Martínez Martínez as chief executive officer of "Iberdrola, S.A.".
- Re-elections to the committees of the Board of Directors: Mr José Ignacio Sánchez Galán as chair of the Executive Committee and Mr Armando Martínez Martínez and Mr Manuel Moreu Munaiz as members thereof; Ms María Helena Antolín Raybaud and Mr Anthony L. Gardner as members of the Appointments Committee; and Ms Sara de la Rica Goiricelaya as a member of the Sustainable Development Committee.
- Appointment of Ms María Ángeles Alcalá Díaz as chair of the Audit and Risk Supervision Committee.



- Appointment of Mr Rafael Sebastián Quetglas as counsel to the Board of Directors.
- Appointment of Mr Carlos Rodríguez-Quiroga Menéndez as secretary of the Appointments Committee, Mr Jaime Velázquez Vioque as secretary of the Sustainable Development Committee and Mr Iñigo Sagardoy de Simón as secretary of the Remuneration Committee.
- Holding of the General Shareholders' Meeting on a hybrid basis in order to facilitate the maximum participation of the shareholders.
- Submission to the shareholders of the proposal to amend the By-Laws, specifically the preamble and the heading of the preliminary title and Articles 4, 8 and 32.
- Supervision of compliance with obligations under the Governance and Sustainability System and with the recommendations of the CNMV's *Good Governance Code of Listed Companies*.
- Approval or acknowledgement, as appropriate, of proposals for the appointment of directors at companies in which the Company has an interest.
- Calculation of the remuneration of members of the Board of Directors and senior management for financial year 2022, as well as determination of fixed remuneration and definition of any objectives linked to 2023 annual variable remuneration.
- Determination of the level of achievement of the objectives linked to the Strategic Bonus 2020-2022 and payment of the first annual instalment.
- Approval of guidelines for evaluation of the operation of the corporate decision-making bodies and of the guidelines for evaluation of the main country subholding and business subholding companies for financial year 2023.
- Analysis and approval, if applicable, of conflicts of interest and related-party transactions.
- Monitoring of meetings with corporate governance analysts and with proxy advisors.
- Evolution of the Iberdrola brand identity.
- Approval of a new organisational chart and update of composition of senior management.
- Review of the rules of book five on corporate governance, and particularly: (i) strengthening of the continuous and permanent engagement of shareholders in corporate life throughout the year and reformulation of the channels of dialogue, information, participation and interaction with them to foster their effective and sustainable engagement; and (ii) amendment of the *Corporate Governance Policy* to include a minimum level of attendance by directors at meetings of the corporate decision-making bodies that may be taken into account by the Appointments Committee in the preparation of proposals and reports relating to the re-election of directors.

## Ethics and compliance

- Updating of the Company's Compliance System to (i) contribute to the decentralisation of the functions and responsibilities of the compliance bodies of the Group's companies; (ii) comply with the requirements of *Law 2/2023 of 20 February regulating the protection of persons who report regulatory violations and the fight against corruption*; and (iii) apply best international practices in this area and incorporate the experience accumulated in the application of the compliance culture, and particularly creating compliance units at the Group's country subholding and head of business companies.
- Within the framework of the aforementioned reform of the Compliance System, approval of new policies: *Compliance and Internal Reporting and Whistleblower Protection System Policy* and *Competition Law Compliance Policy*, as well as amendment of the *Regulations of the Compliance Unit*.





- Approval of new criteria for the composition of the Compliance Unit, particularly including the appointment of a chair and a secretary external to the Iberdrola Group, with recognised standing in the area, all of which will strengthen the independence of such unit.
- Monitoring of the activities of the Compliance Unit.
- Approval of the budget of the Compliance Unit and acknowledgement of the budgets of the Internal Audit Area and the Risk Management and Internal Assurance Division (as at the date of this Report, the Internal Audit and Risk Division).
- Acknowledgement of the *Annual Report on the Effectiveness of the Compliance System* designed by the Compliance Unit.
- Analysis of activities with an impact on corporate reputation, brand and other intangible assets.
- Appointment of the assurance provider of the *Statement of Non-Financial Information. Sustainability Report* for financial year 2023.

## Financial strength

- Monitoring of the asset sale and rotation strategy implemented in 2022 and particularly the divestment of assets owned by the country subholding company “Iberdrola México, S.A. de C.V.”.
- Monitoring of co-investment projects with strategic like the sovereign funds of Norway (“Norges Bank Investment Management”) and of Singapore (“GIC Private Limited”) and “Mapfre España, S.A.” by the companies of the Group.
- Continued improvement in financial ratios and strong credit rating.
- Granting of guarantees to Group companies in connection with the execution of financing agreements and monitoring thereof.
- Implementation of the reduction in share capital through the retirement of own shares approved at the General Shareholders’ Meeting.
- Implementation of two paid-up capital increases linked to the “Iberdrola Retribución Flexible” optional dividend system.
- Monitoring of key financial indicators: interest rate structure, liquidity position and exchange rate transactions.
- Analysis of changes in share price, credit rating and opinions of main financial analysts.
- Monitoring changes in the composition of the Company’s shareholders.

## Risk control

- Creation of Internal Audit and Risk Division.
- Monitoring of the impact of the Russia-Ukraine conflict and the war in Israel on the energy markets, as well as analysis of regulatory measures taken in this regard.
- Changes in the design of the electricity market in Europe.
- Tensions in the raw material supply chain.
- Monitoring of the inflationary situation and the increase in interest rates in the main countries in which the Iberdrola Group operates.
- Control of the Group’s environmental and climate risks.
- Review and update of the risk policies, and particularly (i) approval of the *Risk Policy of the Electricity Production and Customers Business of the Iberdrola Group*; and (ii) approval of the risk limits for 2023.



- Monitoring of systems for the control and management of tax risks and of the level of compliance with the *Corporate Tax Policy*.
- Supervision of personal data protection and cybersecurity activities carried out by the Group in 2023.
- Monitoring of the current main legal proceedings and other legal issues.

### **Priorities for 2024**

- Monitoring of the Strategic Plan 2023-2025 and the long-term outlook of the Group, and particularly potential corporate transactions.
- Holding of Capital Markets & ESG Day in March 2024.
- Impact analysis of the geopolitical situation on the Group.
- Monitoring of the implementation of the Climate Action Plan.
- Continuous updating of the composition of the Board of Directors.
- *New Director Remuneration Policy*.

## **2.C Appearances**

Officers of the Group's companies, such as the Administration and Control Officer, who has regularly provided information on results, appear regularly before the Board of Directors to contribute to better informing the directors and to facilitate their direct and personalised dealings with the management team.

In the particular case of financial year 2023, within the framework of the monitoring of the various corporate transactions and oversight of the asset rotation plan, the appearance of the Chief Financial Officer and the Director of Corporate Development was noteworthy. Similarly, the Director of European Affairs and the Director of Regulation of "Iberdrola España, S.A." (Sociedad Unipersonal) also appeared on several occasions to report on the process of reform of the European electricity market.

Other officers of the Iberdrola Group have also been invited on an ad hoc basis, depending on the various agendas of the meetings:

- Innovation, Sustainability and Quality Director
- Chief Compliance Officer
- ESG Director
- Green Hydrogen Director
- Digital Transformation Director
- Data Protection Officer
- Global Tax Director
- CEO of "Iberdrola España, S.A." (Sociedad Unipersonal)

The statutory auditor and other external advisors have also appeared.

In all these cases, the attendees were not present during the decision-making part of the meetings and their arrivals and departures were duly recorded in the minutes.

*Regulations of the Board of Directors*





## 2.D Evaluation

“Iberdrola, S.A.” maintains its firm commitment to the continuous improvement of its Governance Model and for this purpose, the Board of Directors, led and coordinated by the Appointments Committee, annually evaluates its operation, that of its committees and the performance of the directors. For this purpose, the external advisor “PricewaterhouseCoopers Asesores de Negocio, S.L.” (“**PwC**”), whose independence to carry out these functions was verified by the Appointments Committee, collaborated in the evaluation process for financial year 2023.

As in previous financial years, the evaluation for financial year 2023 had a broad scope, with various dimensions analysed: (i) compliance with the *Companies Act*, with the Governance and Sustainability System and with the CNMV’s *Good Governance Code of Listed Companies*; (ii) monitoring of corporate governance trends and best practices; (iii) a comparison of best and similar practices with 24 comparable companies, both domestic and international; and (iv) analysis of coverage of potential areas for work defined in the evaluation process for financial year 2022.

Also noteworthy is the role of the first vice-chair and lead independent director, who led the evaluation of the chairman of the Board of Directors and conducted individual interviews with all directors, which facilitated the collection of opinions and reflections of the members of the Board of Directors in relation to the operation thereof and of its committees and the taking into account thereof in the evaluation process, among other things. This methodology is aligned with the guidelines proposed in the *Good Governance Code of Listed Companies* and *Technical Guide 1/2019 on Nomination and Remuneration Committees* issued by the CNMV and encompasses a review of 392 indicators for “Iberdrola, S.A.”

There has also been a parallel evaluation of the Iberdrola Group’s country subholding and head of business companies. This evaluation includes a review of more than 1,000 indicators regarding the operation of both the boards of directors and the audit committees of unlisted country subholding companies and regulated head of business companies and of the other committees of the listed country subholding companies.

The process involves reviewing a total of more than 1,400 indicators supported by objective and verifiable evidence.

The result of the evaluation of “Iberdrola, S.A.” highlights the quality and efficiency of the operation of the Board of Directors and its committees, as well as the excellent performance of the chair of the Board of Directors, the CEO and the other directors, showing an alignment with almost 100% of the indicators. In addition, there has been verified compliance with 29 actions within the *Continuous Improvement Plan* designed as a result of the previous evaluation.

As a result, the evaluation has not detected deficiencies that would require the implementation of an action plan. Without prejudice to the foregoing, at its meeting of 20 February 2024, the Board of Directors approved the *Continuous Improvement Plan* for 2024, which includes 31 progress areas to continue working on excellence in the operation of the corporate bodies in terms of both their internal organisation and the procedures applicable to their activities.

Of the more than 1,000 indicators of the evaluation of the country subholding and head of business companies, the results reflect alignment with more than 99% of the indicators analysed, concluding in a *Continuous Improvement Plan* for this corporate boundary.



These results are in line with the Iberdrola Group's positioning on the main good governance indices, namely:

- World Finance: where Iberdrola is the Spanish company with the best corporate governance, based on the World Finance Corporate Governance Awards 2023.
- Dow Jones Sustainability Index: the Company is the only European electric utility included in all 24 years of the index, which considers it one of the most sustainable electric utilities in the world.
- Ethisphere Institute: according to which the Company is the only Spanish company with a presence on the 2023 ranking of the World's Most Ethical Companies (in the particular case of "Iberdrola, S.A.", consecutively since financial year 2014).
- Bloomberg: acknowledging that the Company is the only Spanish utility included for the six years during which the Bloomberg Gender Equality Index has been published.



# 3. Executive Committee



The Executive Committee provides the Board of Directors with flexibility and with ongoing monitoring of the agenda thereof, for which purpose it meets with greater frequency than the Board of Directors. This is the only committee of the Board of Directors with executive powers.

In particular, its duties consist of making proposals to the Board of Directors regarding strategic decisions, investments and divestments that are significant for the Company or the Iberdrola Group, assessing their conformity to the current budget and strategic plans. It also provides assistance to the Board of Directors in the analysis and monitoring of business risks, as well as in the ongoing supervision of compliance with the principles governing the organisation and coordination of the Iberdrola Group's companies and the strategic goals thereof.

### 3.A Composition and attendance

In line with the provisions of the good governance recommendations, the *Regulations of the Board of Directors* (which govern the operation of the Executive Committee) establish that this body shall be composed of a minimum of four and a maximum of eight directors, which shall include the chairman and the chief executive officer in any event, and at least two of the remaining directors must be classified as non-executive directors and at least one of them must be independent.

At present, and for some years now, with the exception of the chairman and of the chief executive officer (both of whom are members of the Executive Committee by virtue of the provisions of the Governance and Sustainability System), the other members of the Committee are independent, thus exceeding the aforementioned requirements.

In addition, the composition of the Executive Committee did not change during financial year 2023 and it is made up of the following members as of the date of publication of this Report: (i) Mr José Ignacio Sánchez Galán (chair); (ii) Mr Manuel Moreu Munaiz; (iii) Mr Juan Manuel González Serna; (iv) Mr Ángel Jesús Acebes Paniagua; (v) Mr Anthony L. Gardner; and (vi) Mr Armando Martínez Martínez. Mr Santiago Martínez Garrido holds the position of non-director secretary.

The Executive Committee meets as many times as deemed necessary by the chair thereof. Pursuant to the calendar approved at the first meeting of 2023 scheduling one meeting approximately every 15 days, a total of 15 meetings were held during the year, one extraordinary, and all of them were attended by 100% of its members, except for a single meeting at which one of the members was unable to attend for reasons of force majeure and granted a proxy with specific voting instructions.

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

[Composition of the Executive Committee](#)



[Annual Corporate Governance Report 2023](#)





## 3.B Key issues

During financial year 2023 the Executive Committee analysed the main regulatory and rate changes at the domestic, European Community and International levels, and monitored the main acquisitions and issues having a strategic impact on the Group, including (i) the divestment of the generation assets of the country subholding company “Iberdrola México, S.A. de C.V.”; (ii) the creation of a new company by Iberdrola and BP to create the largest fast and ultra-fast charging network in Spain and Portugal; (iii) the formalisation of strategic agreements with “Masdar Baltic Eagle Germany GmbH” (Masdar) to co-invest in the Baltic Eagle offshore wind farm (Germany) and with “Copenhagen Infrastructure Partners P/S” (CIP) in relation to Vineyard Wind One; (iv) the creation of a joint venture with “Shell, Plc.” to develop offshore and onshore wind projects awarded by “ScotWind”; and (v) the alliance signed with the sovereign fund of Singapore, “GIC Private Limited” (GIC) for the expansion of electricity transmission grids in Brazil.

The Committee also supported the Board of Directors in monitoring the strategic objectives in accordance with *Outlook 2020-2025* and vision to 2030, as well as in supervising the foundations of the Strategic Plan 2023-2025.

### Balanced growth

- Monitoring the implementation of the Strategic Plan 2023-2025.
- Analysis of current events in the energy sector, including the reform of the European Union’s electricity market, the European Wind Energy Action Plan, the British government’s “Powering Up Britain-Energy Security Plan” and the “Powering Australia” plan.
- Monitoring of the implementation of the 2023 budget and monitoring of the preliminary bases for the Group’s budget for financial year 2024.
- Monitoring of monthly results, operating indicators and investment projects by business and by geographic area, as well as of the results of the Group’s companies.

### Environmental, Social & Governance + Finance (ESG+F) Strategy

- Monitoring of the Company’s performance in the main environmental, social and governance parameters, as well as of the presence of companies of the Iberdrola Group on sustainability indices.
- Monitoring of changes in climate-related regulations, at both the domestic and the international level.
- Monitoring of the Group’s volunteer programmes.
- Monitoring the value of the Iberdrola brand.
- Monitoring of the process of adapting the Group’s workforce structure to the strategy defined in the *Outlook 2020-2025* and in the Strategic Plan 2023-2025.

### Stakeholder relations

- Monitoring of the Iberdrola Group’s participation in the World Economic Forum in Davos.
- Monitoring of the participation of “Iberdrola, S.A.” in the European Round Table for Industry.
- Monitoring of the participation of “Iberdrola, S.A.” in the UN Climate Change Conference (COP28).
- Analysis of questions raised by shareholders and proxy advisors.
- Monitoring of the institutional activities, recognition and awards of the Group’s companies.
- Monitoring of the purchasing activities of the Group’s companies.



## Financial strength

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

## Risk control

- Monitoring of changes in the energy regulatory environment with an impact on the Group, including, inter alia, the various industry regulations adopted or in process in the European Union, Spain and Portugal, and the reform of the Electricity Industry Law in Mexico, as well as the ruling of the Mexican Supreme Court on the action challenging the constitutionality of this reform.
- Impacts on the Group arising from the Russia-Ukraine conflict and the war in Israel, and monitoring of proposals for regulatory measures in response to the conflicts.
- Monitoring of the Group's main reputational risks.
- Monitoring of ongoing legal proceedings and other major legal issues.
- Acknowledgement of the main risks identified by analysts and credit rating agencies.
- Identification of the main risks in each country for financial year 2024 within the framework of the exposure of the strategic lines and the preliminary bases of the Group's consolidated budget for financial year 2024.
- Analysis of activities with an impact on corporate reputation, brand and other intangible assets.

## Priorities for 2024

- Oversight of the Group's divestments within the Strategic Plan 2023-2025 and fulfilment of its main metrics.
- Analysis of growth and divestment opportunities, and examination of the main investment, divestment and corporate transaction projects of the Group's companies.
- Monitoring of the economic, financial, technical and human resources necessary for the Group's activity.
- Monitoring of the Group's performance in the financial markets.
- Monitoring of regulatory developments in the countries in which the Group has a presence.
- Review of the Group's most significant institutional actions.





## 3.C Appearances

To contribute to better informing the directors and to facilitate the Executive Committee's performance of its supervisory duties, during financial year 2023 the chair requested the regular appearance of the Administration and Control Officer, who provided information regarding the results.

In the particular case of financial year 2023, within the framework of the monitoring of the various corporate transactions and oversight of the asset rotation plan, the appearance of the Chief Financial Officer and the Director of Corporate Development was noteworthy. Similarly, the Director of Regulation of "Iberdrola España, S.A." (Sociedad Unipersonal) also appeared on several occasions to report on the process of reform of the European electricity market.

Other officers or CEOs of the companies of the Iberdrola Group have also been invited on an ad hoc basis, depending on the various agendas of the meetings:

- Director of People and Services
- Director of the Renewable Energy Business
- Director of Offshore Operations for the Renewable Energy Business
- CEO of "Avangrid, Inc."
- CEO of "Scottish Power Ltd."
- CEO of "Iberdrola España, S.A." (Sociedad Unipersonal)
- CEO of "Iberdrola México, S.A. de C.V."

In all these cases, the attendees were not present during the decision-making part of the meetings and their arrivals and departures were duly recorded in the minutes.

## 3.D Evaluation

In the first quarter of financial year 2023, the Executive Committee discussed the results of the evaluation process for financial year 2022 and endorsed the two activities proposed within the framework of the *Continuous Improvement Plan 2023*.

As regards the results of the evaluation corresponding to financial year 2023, which process was led by the Appointments Committee and which relied on the assistance of the outside advisor PwC, the Committee's complete alignment with the 17 indicators analysed was verified. In particular, the results highlight the intense activity of this body during 2023, a period in which it held 15 meetings (compared to 12 in 2022) due to, among other issues, the need to urgently assess significant strategic matters and issues relating to corporate transactions. The result of the evaluation also highlights the excellent organisation of the meetings, with calls to meeting being sent an average of more than six days in advance, and the magnificent performance of its members. In turn, interviews with the directors confirm the quality and usefulness of the information provided at each meeting, as well as the time devoted to the various matters being sufficient to engage in a suitable analysis of the issues raised.

As regards the *Continuous Improvement Plan 2023*, which was defined based on the evaluation corresponding to financial year 2022, there is confirmation of 100% performance of the 2 actions included, highlighting, among other improvements implemented, the half-yearly review of the



meetings held to date in order to consider changes to the topics/meetings planned in the second half of the year.

As a result and as in previous years, no material deficiencies have been detected that would require the implementation of an action plan. Without prejudice to the foregoing, at its meeting of 20 February 2024, the Board of Directors approved the *Continuous Improvement Plan* for 2024, which includes the corresponding progress areas to continue working on excellence in the operation of the corporate decision-making bodies generally, and the Executive Committee in particular, in terms of both their internal organisation and the procedures applicable to their activities. This plan includes, among other activities, continued support to the Board of Directors in the performance of its duties, and particularly in the monitoring of the Strategic Plan 2023-2025, in the communication of the Company's strategy to the market, and in the analysis of strategic corporate transactions.



# 4. Audit and Risk Supervision Committee



**“The Audit and Risk Supervision Committee has paid special attention to the holistic treatment of risks and to the effectiveness and alignment of the internal control and risk management system to the current reality of the Iberdrola Group”**

– María Ángeles Alcalá Díaz (chair of the Audit and Risk Supervision Committee)

## 4.A Regulation of the Committee

The Audit and Risk Supervision Committee is a permanent internal informational and consultative body, without executive powers, with informational, advisory, and proposal-making powers within its purview, which is governed by the rules contained in the *By-Laws*, in the *Regulations of the Board of Directors*, and in the *Regulations of the Audit and Risk Supervision Committee*, which form part of the Company’s Governance and Sustainability System.

All these rules have been prepared taking into account the good governance recommendations generally recognised in international markets and, in particular, the provisions of the *Technical Guide 3/2017 on Audit Committees of Public Interest Entities* issued by the CNMV on 27 June 2017.

The *Regulations of the Audit and Risk Supervision Committee* were amended during financial year 2023 within the framework of the Governance and Sustainability System reform approved by the Board of Directors in June 2023, in order to review the Committee’s duties related to complaints or information made through the internal reporting channels set up by the Company that could have a material impact on the financial statements or internal control.

[Regulations of the Audit and Risk Supervision Committee](#)



[Governance and Sustainability System](#)



## 4.B Composition and attendance

The composition of the Audit and Risk Supervision Committee was only altered during financial year 2023 as a result of the appointment of Ms María Ángeles Alcalá Díaz as chair of the Committee to replace Mr Xabier Sagredo Ormaza, due to the expiry of the four-year term for which he was appointed to perform the aforementioned duties.

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

All the members of the Committee are classified as independent directors, hence exceeding the requirement of the *Regulations of the Audit and Risk Supervision Committee* for a majority of its members to be classified as such. Furthermore, the members of the Committee as a whole, and its chair in particular, have knowledge, skills and experience appropriate to the duties they are called upon to perform on the terms set out in the aforementioned regulations.



All members of the Audit and Risk Supervision Committee attended 100% of the 15 meetings held during financial year 2023.

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

[Composition of the Audit and Risk Supervision Committee](#)

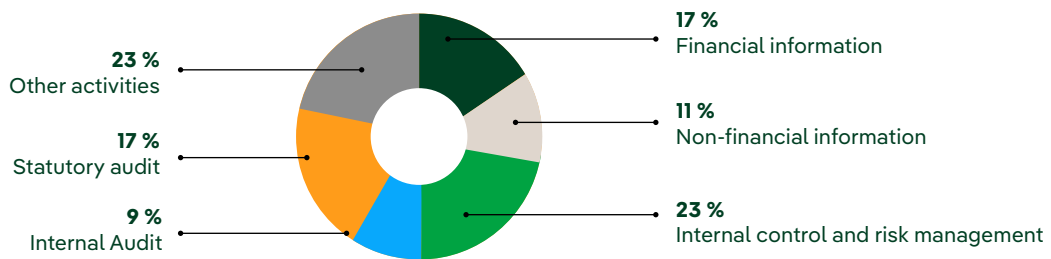


[Annual Corporate Governance Report 2023](#)



## 4.C Key issues

During financial year 2023, the Audit and Risk Supervision Committee complied with the annual work plan it approved under the terms set out in the *Regulations of the Audit and Risk Supervision Committee*, ensuring that the various activities to be carried out in the exercise of its duties were addressed with the necessary dedication and detail, as shown in the following chart.



In particular, the most noteworthy activities carried out by the Audit and Risk Supervision Committee within the framework of the aforementioned purview were as follows:

<b>Financial information</b>	Financial information for financial year 2022, and first and third quarter and first half of 2023.	Evaluation of the ICFRS.
<b>Non-financial information</b>	Report on the preparation and presentation of the <i>Statement of Non-Financial Information. Sustainability Report 2022</i> .	Evaluation of the ICFRS
<b>Internal and external audit</b>	Monitoring of the activities and recommendations of the former Internal Audit Area.	Independence of the statutory auditor and proposed re-election.
<b>Risks</b>	Risk map	Quarterly monitoring of activities of the former Risk Management and Internal Assurance Division.



A more in-depth description of the specific activities performed by the Audit and Risk Supervision Committee during financial year 2023 is provided below:

Powers	Actions taken
<b>Financial information</b>	
<b>Financial information</b>	<ul style="list-style-type: none"> <li>- Reports to the Board of Directors on the financial information of the Company and its consolidated Group for financial year 2022, as well as for the first and third quarters and the first half of financial year 2023.</li> <li>- Reports to the management decision-making bodies of “Iberdrola Finanzas, S.A.” (Sociedad Unipersonal), “Iberdrola Finance Ireland, DAC” and “Iberdrola International, B.V.” on their financial information for financial year 2022.</li> <li>- Report to the Board of Directors on the <i>Half-Yearly Financial Report</i> for the first half of financial year 2023.</li> <li>- Analysis of the alternative performance measures included in the annual financial statements and in the <i>Management Report</i> for financial year 2022.</li> </ul>
<b>Internal control over financial reporting</b>	<ul style="list-style-type: none"> <li>- Evaluation of the Internal Control over Financial Reporting System (ICFRS): activities carried out by the Internal Audit and Risk Division (the division resulting from the merger of the former Risk Management and Internal Assurance Division and the former Internal Audit Area).</li> <li>- Memorandum of recommendations on internal control resulting from the audit of the financial information for financial year 2022 and monitoring of the recommendations for financial year 2023.</li> <li>- Reports to the Sustainable Development Committee regarding the sections of the <i>Annual Corporate Governance Report</i> for financial year 2022 falling within the purview of the Committee.</li> <li>- Review of the map of companies of the Iberdrola Group.</li> </ul>
<b>Non-financial information</b>	
<b>Non-financial information</b>	<ul style="list-style-type: none"> <li>- Report to the Sustainable Development Committee regarding the process of preparation and submission of the <i>Statement of Non-Financial Information Sustainability Report 2022</i>.</li> <li>- Proposal to the Board of Directors on the appointment of the independent service provider responsible for verifying the information contained in the <i>Statement of Non-Financial Information 2023</i>.</li> </ul>
<b>Internal control over non-financial reporting</b>	<ul style="list-style-type: none"> <li>- Evaluation of the Internal Control over Non-Financial Reporting System (ICNFRS): activities carried out by the Internal Audit and Risk Division (the division resulting from the merger of the former Risk Management and Internal Assurance Division and the former Internal Audit Area).</li> <li>- Memorandum of recommendations on internal control resulting from the external assurance of the non-financial information for financial year 2022 and monitoring of the recommendations for financial year 2023.</li> </ul>



<b>Internal control and risk management</b>	
<b>Internal control and risk management systems</b>	<ul style="list-style-type: none"> <li>- Reports to the Board of Directors on the risk control and management systems at the close of financial year 2022 and on the risks for the first half and first and third quarters of financial year 2023.</li> <li>- Annual report on risk policies and, if applicable, proposed amendment thereof to the Board of Directors, and acknowledgement of proposed risk limits and indicators for 2023.</li> <li>- Reports to the management decision-making bodies of “Iberdrola Finanzas, S.A.” (Sociedad Unipersonal), “Iberdrola Finance Ireland, DAC” and “Iberdrola International, B.V.” on their risk control and management systems at the close of financial year 2022.</li> <li>- Review of whether, in general, the policies and systems in place for internal control are effectively implemented in practice.</li> <li>- Annual cybersecurity and data protection risk plan for financial year 2023 and update of the activities carried out in this area.</li> <li>- Review of the risk map.</li> <li>- Monitoring of the Strategic Cybersecurity and Cyber-Resilience Plan of the Iberdrola Group.</li> </ul>
<b>Former Risk Management and Internal Assurance Division</b>	<ul style="list-style-type: none"> <li>- Quarterly monitoring of activities of the former Risk Management and Internal Assurance Division. Where appropriate, update of its work plan.</li> <li>- Acknowledgement of the update of the activities of the former Risk Management and Internal Assurance Division regarding the holistic treatment of risks.</li> <li>- Opinion on the performance of the director of Risk and Internal Assurance to be submitted to the chairman of the Board of Directors, who is responsible for its evaluation, as well as to the Remuneration Committee so that it can be taken into account in determining his remuneration.</li> <li>- Activities Report of the former Risk Management and Internal Assurance Division for financial year 2023 and approval of its annual activity plan, budget and objectives for 2024.</li> </ul>
<b>Internal Audit</b>	
<b>Monitoring of internal audit activities</b>	<ul style="list-style-type: none"> <li>- Acknowledgement of the activities report of the former Internal Audit Area for financial year 2023 and evaluation of this area’s achievement of objectives for the aforementioned financial year.</li> <li>- Quarterly monitoring of activities and recommendations of the former Internal Audit Area. Where appropriate, update of the Annual Internal Audit Plan.</li> <li>- Approval of the Annual Plan of activities, budget and objectives of the former Internal Audit Area for financial year 2024.</li> </ul>
<b>Evaluation</b>	<ul style="list-style-type: none"> <li>- Constructive performance evaluation for the Chief Internal Audit Officer for purposes of setting the variable components of her remuneration, with the conclusions submitted to the Remuneration Committee.</li> </ul>
<b>Statutory audit</b>	
<b>Follow-up on work carried out by the statutory auditor</b>	<ul style="list-style-type: none"> <li>- Acknowledgement of the letter of representation to the statutory auditor regarding the preparation of the annual accounts for financial year 2022.</li> <li>- Acknowledgement of the proposed meeting of the Board of Directors with the statutory auditor in order to report on the tasks performed and the development of the Company’s accounting situation and risks.</li> </ul>



<p><b>Independence and contractual terms of the statutory auditor</b></p>	<ul style="list-style-type: none"> <li>- Establishment of an indicative limit on the statutory auditor's fees for non-audit services and approval or acknowledgement of such services, as appropriate.</li> <li>- Report to the Board of Directors regarding the auditor's independence corresponding to the statutory audit for financial year 2022.</li> <li>- Reports to the management decision-making bodies of "Iberdrola Finanzas, S.A." (Sociedad Unipersonal), "Iberdrola Finance Ireland, DAC" and "Iberdrola International, B.V." on their auditor's independence corresponding to the statutory audit for financial year 2022.</li> <li>- Proposed re-appointment of "KPMG Auditores, S.L." as statutory auditor of the Company and its consolidated Group for financial years 2024 and 2025.</li> <li>- Proposal to the Board of Directors on the terms of engagement of the statutory auditor for the issuance of the limited review report on the <i>Half-Yearly Financial Report 2023</i> and for the audit of the financial statements for 2023.</li> </ul>
<p><b>Evaluation of the statutory auditor</b></p>	<ul style="list-style-type: none"> <li>- Leadership in the preparation of the assessment of the statutory auditor and of the assurance provider for the <i>Statement of Non-Financial Information. Sustainability Report 2022</i> and transmittal of the conclusions from the statutory auditor's assessment to "KPMG Auditores, S.L." and "KPMG Asesores, S.L."</li> </ul>
<p><b>Other activities</b></p>	
<p><b>Related-Party Transactions</b></p>	<ul style="list-style-type: none"> <li>- Approval of the <i>Report on Related-Party Transactions with Directors and Significant Shareholders</i> for inclusion in the <i>Activities Report of the Board of Directors and of the Committees thereof</i> for financial year 2022.</li> <li>- Report to the Board of Directors on the compliance of standardised delegated related-party transactions and of lines of transactions in force from 26 July 2022 to 24 July 2023 with the requirements of the <i>Procedure for Related-Party Transactions with Members of Senior Management, Delegated Related-Party Transactions and Series of Related-Party Transactions</i>.</li> <li>- Report to the Board of Directors on information regarding related-party transactions of "Iberdrola, S.A." and its Group with directors and significant shareholders and their respective related persons included in the annual accounts for financial year 2022 and in the <i>Half-Yearly Financial Report 2023</i>.</li> <li>- Report to the Appointments Committee on related-party transactions that could affect the category to which directors belong.</li> </ul>
<p><b>Taxation</b></p>	<ul style="list-style-type: none"> <li>- Report to the Board of Directors on the level of compliance with the <i>Corporate Tax Policy</i> and the tax standards applied during financial year 2023.</li> <li>- Transparency report on the payment of taxes prepared by the Global Taxation Division.</li> <li>- Report on the monitoring of special purpose entities or entities domiciled in tax havens and their operational status.</li> </ul>
<p><b>Investor relations</b></p>	<ul style="list-style-type: none"> <li>- Report in relation to the accounting statement regarding the distribution of an interim dividend for financial year 2023 within the framework of the "Iberdrola Retribución Flexible" system.</li> <li>- Monitoring of the results of the General Shareholders' Meeting on matters within the purview of the Committee.</li> </ul>
<p><b>Other activities</b></p>	<ul style="list-style-type: none"> <li>- Report to the Board of Directors on the heads of agreement for the sale of power generation assets in Mexico, its financial terms and its accounting impact.</li> <li>- Reports on claims for financial year 2023.</li> <li>- Revision of the Orientation Programme for directors, on matters within the purview of the Committee.</li> </ul>





## Priorities for 2024

- Continue monitoring legislative developments in non-financial reporting and systems for preparing and presenting non-financial information.
- Comprehensive monitoring of the various types of risks, including a review of the macroeconomic context and its impact on the Group.
- Oversight of the environment and the risks in the different countries in which the Iberdrola Group operates.
- Review of the holistic treatment of risks that have an impact on the Iberdrola Group monitoring of the process of implementation of the new Internal Audit and Risk organization.
- Monitoring and analysis of the tax measures adopted by European and Spanish regulators and their impact on the Iberdrola Group.

## 4.D Appearances

The Chief Internal Audit Officer (as at the date of publication of this Report, the Chief Internal Audit and Risk Officer), the former Chief Risk and Internal Assurance Officer, the Chief Administration and Control Officer, and the representatives of the statutory auditor have regularly appeared before the Committee. The party in charge of verifying the information contained in the SNFI has also appeared before the Committee<sup>5</sup>.

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

- Chief Financial Officer
- Director of Corporate Development
- Chief Compliance Officer
- ESG Director
- Finance and Treasury Director
- Innovation, Sustainability and Quality Director
- Director of Climate Change and Alliances
- Corporation and Governance Director
- Internal Assurance Director
- Head of Global Coordination and Internal Audit Systems
- Global Cybersecurity and Data Protection Officer
- Director of People and Services
- Digital Transformation Director
- Director of Legal Services
- Head of Litigation for Legal Services
- Global Tax Director
- Director of the Retail Business

<sup>5</sup> The Chief Internal Audit Officer (now the Chief Internal Audit and Risk Officer) and the former Chief Risk and Internal Assurance Officer appeared at 12 and 13, respectively, of the Committee's 15 meetings. Noteworthy is the creation in December 2023 of the Internal Audit and Risk Division, which merged the former Internal Audit Area and the former Risk Management Division. The party in charge of verifying the information contained in the SNFI appeared at five meetings. The representatives of the statutory auditor appeared at eight meetings, and during said meetings, they participated on 16 occasions in order to report on various matters relating to the audit.



- Director of the Renewable Energy Business
- Director of Networks Business
- Corporate Security Director

A number of external experts have also appeared to provide training. In all cases, the participating external advisors, experts and consultants were selected for their recognised standing and independence of judgement and had no conflict of interest with the Committee.

The attendees were not present during the decision-making part of the meetings and their arrivals and departures were duly recorded in the minutes.

## 4.E Evaluation

In the first quarter of financial year 2023, the Audit and Risk Supervision Committee discussed the results of the evaluation process for financial year 2022 and endorsed the activities proposed within the framework of the *Continuous Improvement Plan 2023*.

As regards the results of the evaluation corresponding to financial year 2023, which process was led by the Appointments Committee and which relied on the assistance of the outside advisor PwC, the Committee's complete alignment with the 57 indicators analysed was verified. In this respect, there has been a comparative analysis with 24 domestic and international companies, including domestic and international best practices. This year, the results highlight the work carried out by the Committee with regard to the proposed re-election of "KPMG Auditores, S.L." as auditor of the Company's individual annual accounts and those consolidated with its subsidiaries for financial years 2024 and 2025, and the supervision of the processes of preparing financial and non-financial information relating to the Company. In turn, interviews with the directors confirm the quality and usefulness of the information provided at each meeting, as well as the time devoted to the various matters being sufficient to engage in a suitable analysis of the issues raised.

As regards the action plan defined the previous year, the evaluation confirms the implementation of 100% of the actions included in the aforementioned *Continuous Improvement Plan 2023*, including, among other improvements that have been implemented, proper monitoring of the internal control systems of the country subholding companies, progress made in the climate taxonomy, and the Group's activities in cybersecurity governance.

As a result and as in previous years, no material deficiencies have been detected that would require the implementation of an action plan. Without prejudice to the foregoing, at its meeting of 20 February 2024, the Board of Directors approved the *Continuous Improvement Plan for 2024*, which includes the corresponding progress areas to continue working on excellence in the operation of the corporate decision-making bodies generally, and the Audit and Risk Supervision Committee in particular, in terms of both their internal organisation and the procedures applicable to their activities. This plan includes, among other activities, the review of the risk map and the implications of the new organisational chart on the reporting of the Company's risks, as well as the monitoring of new legal provisions and recommendations in relation to non-financial information and internal control systems.



# 5. Appointments Committee



***“The Committee has devoted time this financial year to important aspects of the composition of the Board of Directors, specifically those relating to consolidation of the separation of the positions of chairman and chief executive officer, which was ratified at the General Shareholders’ Meeting held in April 2023”***

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

## 5.A Regulation of the Committee

The Appointments Committee is a permanent internal informational and consultative body, without executive powers, with informational, advisory, and proposal-making powers within its purview, which is governed by the rules contained in the *By-Laws*, in the *Regulations of the Board of Directors*, and in the *Regulations of the Appointments Committee*, which form part of the Company’s Governance and Sustainability System.

All these rules have been prepared taking into account the good governance recommendations generally recognised in international markets, and particularly the provisions of the CNMV’s *Technical Guide 1/2019 on Nomination and Remuneration Committees*.

The *Regulations of the Appointments Committee* were amended during financial year 2023 to update its powers related to talent management and promotion and to the reform of the Compliance System approved by the Board of Directors in June 2023.

*Regulations of the Appointments Committee*



*Governance and Sustainability System*



## 5.B Composition and attendance

The composition of the Appointments Committee remained unchanged during financial year 2023.

The Appointments Committee is thus made up of (i) Mr Ángel Jesús Acebes Paniagua (Chairman); (ii) Ms María Helena Antolín Raybaud; and (iii) Mr Anthony L. Gardner. Mr Carlos Rodríguez-Quiroga Menéndez holds the position of non-director secretary.

In accordance with the provisions of the *Regulations of the Appointments Committee*, the majority of the Committee’s members, and its chair in particular, are classified as independent. Furthermore, the members of the Committee as a whole, and its chair in particular, have knowledge, skills and experience appropriate to the duties they are called upon to perform on the terms set out in the aforementioned regulations.

Eight meetings were held during financial year 2023, with an average percentage of attendance of the members close to 96%, this minimal difference compared to 100% being the result of the proven inability of one of its members to attend one meeting for reasons of force majeure, in respect of which he delegated his proxy in favour of another director with specific voting instructions.



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

*Composition of the Appointments Committee*

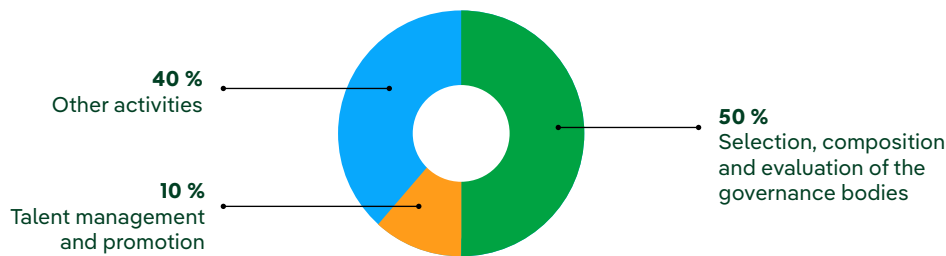


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## 5.C Key issues

During financial year 2023, the Appointments Committee complied with the annual work plan it approved under the terms set out in the *Regulations of the Appointments Committee*, ensuring that the various activities to be carried out in the exercise of its duties were addressed with the necessary dedication and detail, as shown in the following chart.



In particular, the most noteworthy activities carried out by the Appointments Committee within the framework of the aforementioned purview were as follows:

<b>Updating of the composition of the Board</b>	Skills matrix.	Re-election of six directors.
<b>Talent management and promotion</b>	Proposed composition of senior management.	Follow-up on management training programmes and Group talent management initiatives.
<b>Coordination of the evaluation</b>	Coordination of the evaluation process.	Analysis of results for subsequent submission to the Board.



A more in-depth description of the specific activities performed by the Appointments Committee during financial year 2023 is provided below:

Powers	Actions taken
<b>Selection, composition and evaluation of the governance bodies</b>	
<b>Appointments or re-elections at the General Shareholders' Meeting</b>	<ul style="list-style-type: none"> <li>- Reports or proposals, as appropriate, for submission to the shareholders at the General Shareholders' Meeting, concerning the re-election of the following as directors of "Iberdrola, S.A.": Mr José Ignacio Sánchez Galán and Mr Armando Martínez Martínez as executive directors (in the case of Mr Martínez Martínez, subject to ratification of his appointment on an interim basis), as well as Ms María Helena Antolín Raybaud as an other external director and Mr Manuel Moreu Munaiz, Mr Xabier Sagredo Ormaza and Ms Sara de la Rica Goiricelaya as independent directors.</li> <li>- Proposal for re-election of Mr José Ignacio Sánchez Galán as executive chairman of the Board of Directors and Mr Armando Martínez Martínez as chief executive officer of "Iberdrola, S.A."</li> <li>- Annual review of the composition of the Board of Directors and of expiry of terms of office expected in financial year 2024.</li> </ul>
<b>Appointment or re-election of internal positions</b>	<ul style="list-style-type: none"> <li>- Report to the Board of Directors on the proposed appointment of a new counsel to the Board of Directors.</li> <li>- Reports or proposals, as appropriate, for the re-election of committee members: Mr José Ignacio Sánchez Galán as chair and Mr Manuel Moreu Munaiz and Mr Armando Martínez Martínez as members of the Executive Committee; Ms María Helena Antolín Raybaud and Mr Anthony L. Gardner as members of the Appointments Committee; Ms María Ángeles Alcalá Díaz as chair of the Audit and Risk Supervision Committee; and Ms Sara de la Rica Goiricelaya as chair of the Sustainable Development Committee.</li> </ul>
<b>Other activities related to the composition of the Board</b>	<ul style="list-style-type: none"> <li>- Review of the <i>Board of Directors Diversity and Member Selection Policy</i> and verification of compliance therewith.</li> <li>- Reports on the appointment of external directors at the country subholding companies.</li> <li>- Reports on the classification of the Company's directors.</li> <li>- Acknowledgement of the tendering to the Board of Directors of Mr Manuel Moreu Munaiz's resignation as a director as a result of his seventieth birthday.</li> <li>- Review of the skills matrix of the Board of Directors.</li> <li>- Leadership and coordination of the process of evaluation of the operation of the governance bodies.</li> </ul>
<b>Talent management and promotion</b>	
<b>Talent management and promotion</b>	<ul style="list-style-type: none"> <li>- Monitoring of the initiatives within the Group by the Global Management Development, Talent and Training Division in relation to the Plan 2023-2025.</li> </ul>
<b>Other Powers</b>	
<b>Senior Management</b>	<ul style="list-style-type: none"> <li>- Report to the Board of Directors in relation to the proposed composition of senior management.</li> </ul>



<b>Other activities</b>	<ul style="list-style-type: none"> <li>- Report to the Board of Directors on the proposed appointment of members of the Compliance Unit.</li> <li>- Analysis of potential conflicts of interest of the directors.</li> <li>- Monitoring of the results of the General Shareholders' Meeting on matters within the purview of the Committee.</li> <li>- Verification of the sufficiency and adequacy of the information on directors and senior management published on the corporate website.</li> <li>- Revision of the Orientation Programme for directors, on matters within the purview of the Committee.</li> </ul>
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## Priorities for 2024

- Appointment or re-election of directors and of internal positions on the Board of Directors for 2024.
- Update and ongoing review of the skills matrix of the Board of Directors.
- Ongoing review of the *Regulations of the Appointments Committee* for the possible inclusion of technical and operational improvements.

## 5.D Appearances

The Executive Development, Global Talent & Learning Director, the Director of Digital Communication and Social Media and the Head of Governance have been invited on an ad hoc basis.

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

In all cases, the participating external advisers, experts and consultants were selected for their recognised standing and independence of judgement and had no conflict of interest with the Committee.

The attendees were not present during the decision-making part of the meetings and their arrivals and departures were duly recorded in the minutes.

## 5.E Evaluation

In the first quarter of financial year 2023, the Appointments Committee discussed the results of the evaluation process for financial year 2022, which it led with the advice of the independent expert PwC, and endorsed the activities proposed within the framework of the *Continuous Improvement Plan 2023*.

As regards the results of the evaluation corresponding to financial year 2023, also led by the Committee with the assistance of PwC, complete alignment with the 56 indicators analysed was verified. In particular, the results highlight, among other things, the work carried out by the Committee with a view to the re-election at the General Shareholders' Meeting of the executive chairman, as well as the other directors; the appointment of internal positions, like the chair of the Audit and Risk Supervision Committee, the legal counsel to the Board of Directors, and the secretaries of the Appointments Committee, the Remuneration Committee and the Sustainable Development Committee. Also noteworthy is the work of updating the Company's skills matrix. In turn, interviews with the directors



confirm the quality and usefulness of the information provided at each meeting and sufficient time devoted to matters to engage in a suitable analysis of the issues raised.

As regards the action defined during the previous year, the evaluation confirms the implementation of 100% of the activities included in the aforementioned *Continuous Improvement Plan 2023*, highlighting, among other improvements implemented, the appropriate monitoring of talent in the Group's governing and management bodies and the enrichment of the process for selecting and proposing the appointment of directors.

As a result and as in previous years, no material deficiencies have been detected that would require the implementation of an action plan. Without prejudice to the foregoing, at its meeting of 20 February 2024, the Board of Directors approved the *Continuous Improvement Plan* for 2024, which includes the corresponding progress areas to continue working on excellence in the operation of the corporate decision-making bodies generally, and the Appointments Committee in particular, in terms of both their internal organisation and the procedures applicable to their activities. This plan includes, among other activities, the continuous improvement of the appointment process, the continuous updating of the skills matrix, and the review and coordination of the evaluation process.





# 6. Remuneration Committee



**“The Remuneration Committee has submitted a proposal to the Board of Directors regarding the regulations of the 2023-2025 Strategic Bonus and the proposed beneficiaries among the Company’s senior management. It has also devoted special interest to the continuous improvement of the Annual Director Remuneration Report”**

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

## 6.A Regulation of the Committee

The Remuneration Committee is a permanent internal informational and consultative body, without executive powers, with informational, advisory, and proposal-making powers within its purview, which is governed by the rules contained in the *By-Laws*, in the *Regulations of the Board of Directors*, and in the *Regulations of the Regulations of the Remuneration Committee*, which form part of the Company’s Governance and Sustainability System.

All these rules have been prepared taking into account the good governance recommendations generally recognised in international markets, and particularly the provisions of the *CNMV’s Technical Guide 1/2019 on Nomination and Remuneration Committees*.

There were no changes to the *Regulations of the Remuneration Committee* during financial year 2023.

*Regulations of the  
Remuneration Committee*



*Governance and  
Sustainability System*



## 6.B Composition and attendance

The composition of the Remuneration Committee remained unchanged during financial year 2023.

The Remuneration Committee is thus made up of (i) Mr Juan Manuel González Serna (chairman); (ii) Mr Manuel Moreu Munaiz; and (iii) Mr Íñigo Víctor de Oriol Ibarra. Mr Íñigo Sagardoy de Simón holds the position of non-director secretary.

In accordance with the provisions of the *Regulations of the Remuneration Committee*, the majority of the Committee’s members, and its chair in particular, are classified as independent. Furthermore, the members of the Committee as a whole, and its chair in particular, have knowledge, skills and experience appropriate to the duties they are called upon to perform on the terms set out in the aforementioned regulations.

All members of the Remuneration Committee attended 100% of the 10 meetings held during financial year 2023, adopting resolutions in writing and without a meeting on one of these occasions.



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

*Composition of the Remuneration Committee*

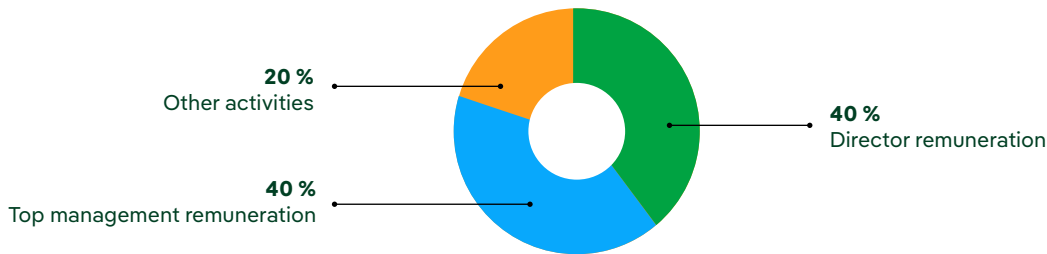


*Annual Corporate Governance Report 2023*



## 6.C Key issues

During financial year 2023, the Remuneration Committee complied with the annual work plan it approved under the terms set out in the *Regulations of the Remuneration Committee*, ensuring that the various activities to be carried out in the exercise of its duties were addressed with the necessary dedication and detail, as shown in the following chart.



In particular, the most noteworthy activities carried out by the Remuneration Committee within the framework of the aforementioned purview were as follows:

<b>Remuneration policies and frameworks</b>	Fixed remuneration of directors 2023.	Fixed and variable remuneration of the executive directors and the members of senior management 2023.
<b>Compliance with remuneration goals</b>	Payment of 2020-2022 Strategic Bonus.	Variable remuneration for financial year 2022 for executive directors and senior management.
<b>Reporting of remuneration</b>	Notes on remuneration in the annual and half-yearly financial information.	<i>Annual Director Remuneration Report 2022.</i>



A more in-depth description of the specific activities performed by the Remuneration Committee during financial year 2023 is provided below:

<b>Powers</b>	<b>Actions taken</b>
<b>Director remuneration</b>	
<b>Setting of remuneration</b>	<ul style="list-style-type: none"> <li>- Proposed fixed remuneration of directors for 2023 and budget for expenditures of the Board of Directors for said financial year.</li> <li>- Proposed fixed remuneration and maximum limit on annual variable remuneration (and the targets to which it is linked) for executive directors for financial year 2023.</li> <li>- Submission to the Board of Directors of proposals relating to the 2023-2025 Strategic Bonus for executive directors.</li> </ul>
<b>Payment of remuneration</b>	<ul style="list-style-type: none"> <li>- Report to the Board of Directors in relation to verification of the level of achievement of the targets to which the 2020-2022 Strategic Bonus is linked and determination of net number of shares to be delivered in the first annual instalment.</li> <li>- Calculation of the annual variable remuneration of the executive chairman for his performance in financial year 2022 based on a report evaluating the achievement of targets prepared by an independent external adviser.</li> </ul>
<b>Reporting of remuneration</b>	<ul style="list-style-type: none"> <li>- Proposed <i>Annual Director Remuneration Report 2022</i>.</li> <li>- Acknowledgement of new developments in the area of remuneration transparency incorporated in the annual director remuneration reports.</li> <li>- Report on the remuneration of the directors set out in the half-yearly and annual financial statements.</li> </ul>
<b>Senior management remuneration</b>	
<b>Setting of remuneration</b>	<ul style="list-style-type: none"> <li>- Report on the fixed remuneration of senior management for 2023.</li> <li>- Report on the proposed benchmark objectives for the 2023 variable remuneration of senior management.</li> <li>- Report to the Board of Directors on proposals relating to the 2023-2025 Strategic Bonus for senior management.</li> </ul>
<b>Payment of remuneration</b>	<ul style="list-style-type: none"> <li>- Verification of compliance with the objectives for financial year 2022 and report on the proposed calculation of the variable remuneration of the members of senior management for that year.</li> </ul>
<b>Reporting of remuneration</b>	<ul style="list-style-type: none"> <li>- Report on the remuneration of senior management set out in the half-yearly and annual financial statements.</li> </ul>
<b>Other activities</b>	
<b>Shareholder relations</b>	<ul style="list-style-type: none"> <li>- Monitoring of the results of the General Shareholders' Meeting on matters within the purview of the Committee.</li> <li>- Information on the analysis of measures to encourage favourable voting on the <i>Annual Director Remuneration Report</i>, with the participation of an independent expert.</li> <li>- Verification of the sufficiency and adequacy of the information regarding remuneration of the Board of Directors and of senior management published on the corporate website.</li> </ul>
<b>Other activities</b>	<ul style="list-style-type: none"> <li>- Report on director liability insurance.</li> <li>- Monitoring of the evolution of general remuneration schemes, as well as of incentive plans and pension supplements for the Group's workforce.</li> <li>- Revision of the Orientation Programme for directors, on matters within the purview of the Committee.</li> </ul>



## Priorities for 2024

- Review of eligibility for the delivery of shares corresponding to payment of the second tranche of the 2020-2022 Strategic Bonus.
- Review of best practices on the remuneration of executive directors. Specifically, in the area of remuneration reporting and information in the annual director remuneration reports.
- Development and presentation of a new director remuneration policy at the General Shareholders' Meeting in 2024.

## 6.D Appearances

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

- Head of the Administrative Management Unit of the Office of the Secretary of the Board of Directors
- Head of Governance
- Director of People and Services
- Head of Insurance
- Director of Digital Communication and Social Media.
- Executive Development, Global Talent & Learning Director
- Remuneration and Pension Policies Director

Various external advisers have also appeared.

In all cases, the participating external advisers, experts and consultants were selected for their recognised standing and independence of judgement and had no conflict of interest with the Committee.

The attendees were not present during the decision-making part of the meetings and their arrivals and departures were duly recorded in the minutes.

## 6.E Evaluation

In the first quarter of financial year 2023, the Remuneration Committee discussed the results of the evaluation process for financial year 2022 and endorsed the activities proposed within the framework of the *Continuous Improvement Plan 2023*.

As regards the results of the evaluation corresponding to financial year 2023, which process was led by the Appointments Committee and which relied on the assistance of the outside advisor PwC, the Committee's complete alignment with the 53 indicators analysed was verified (only one indicator, relating to Recommendation number 64 of the CNMV's *Code of Good Governance of Listed Companies*, was identified with respect to which the Committee is not aligned). In this respect, there has been a comparative analysis with 24 domestic and international companies, including domestic and international best practices. This year, the results highlight the work carried out by the Committee in the payment of the *2020-2022 Strategic Bonus*, the establishment of the regulations for the *2023-2025 Strategic Bonus* and the development of the *Annual Director and Officer Remuneration Report*



2023 in free format. In turn, interviews with the directors confirm the quality and usefulness of the information provided at each meeting, as well as the time devoted to the various matters being sufficient to engage in a suitable analysis of the issues raised.

As regards the action plan defined the previous year, the evaluation confirms the implementation of 100% of the actions included in the aforementioned *Continuous Improvement Plan 2023*, including, among other improvements that have been implemented, appropriate monitoring of best practices regarding remuneration policies and ongoing improvement of remuneration reporting.

As a result and as in previous years, no material deficiencies have been detected that would require the implementation of an action plan. Without prejudice to the foregoing, at its meeting of 20 February 2024, the Board of Directors approved the *Continuous Improvement Plan for 2024*, which includes the corresponding progress areas to continue working on excellence in the operation of the corporate decision-making bodies generally, and the Remuneration Committee in particular, in terms of both their internal organisation and the procedures applicable to their activities. The aforementioned plan includes, among other activities, appropriate monitoring of the results of the General Shareholders' Meeting and best practices in reporting information regarding remuneration.



# 7. Sustainable Development Committee



***“The Sustainable Development Committee, among other issues, has paid special attention to the degree of implementation of the Company’s purpose and values, taking into account the most appropriate metrics for such purpose, and it has reported on the proposed change in the composition of the Compliance Unit, proposing to the Board of Directors the appointment of the new external chair and secretary of the Unit”***

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

## 7.A Regulation of the Committee

The Sustainable Development Committee is a permanent internal informational and consultative body, without executive powers, with informational, advisory, and proposal-making powers within its purview, which is governed by the rules contained in the *By-Laws*, in the *Regulations of the Board of Directors*, and in the *Regulations of the Sustainable Development Committee*, which form part of the Company’s Governance and Sustainability System.

The *Regulations of the Sustainable Development Committee* were amended during financial year 2023 to update the Committee’s duties in relation to the Company’s Compliance Unit and the compliance systems of the companies of the Group.

*Regulations of the Sustainable Development Committee*



*Governance and Sustainability System*



## 7.B Composition and attendance

The composition of the Sustainable Development Committee remained unchanged during financial year 2023.

The Sustainable Development Committee is thus made up of (i) Ms Sara de la Rica Goiricelaya (chair); (ii) Ms Nicola Mary Brewer; and (iii) Ms Isabel García Tejerina. Mr Jaime Velázquez Vioque holds the position of non-director secretary.

All the members of the Committee are classified as independent directors, hence exceeding the requirement of the *Regulations of the Sustainable Development Committee* for a majority of its members to be classified as such. Furthermore, the members of the Committee as a whole have knowledge, skills and experience appropriate to the duties they are called upon to perform on the terms set out in the aforementioned regulations.

All members of the Sustainable Development Committee attended 100% of the 7 meetings held during financial year 2023.





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

[Composition of the Sustainable Development Committee](#)

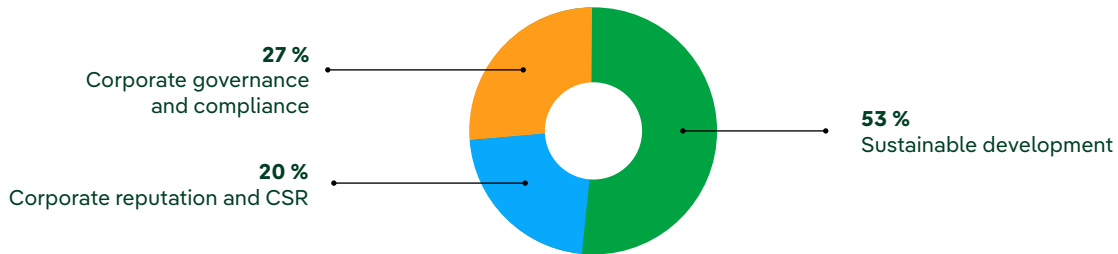


[Annual Corporate Governance Report 2023](#)



## 7.C Key issues

During financial year 2023, the Sustainable Development Committee complied with the annual work plan it approved under the terms set out in the *Regulations of the Sustainable Development Committee*, ensuring that the various activities to be carried out in the exercise of its duties were addressed with the necessary dedication and detail, as shown in the following chart.



### Sustainable Development

Implementation of the *Sustainable Development Plan 2023-2025*.

Progress on taxonomy of non-financial information.

### Corporate reputation

Activities with an impact on corporate reputation.

Aspects of international communication with an impact on corporate reputation.

### Corporate governance and compliance

Modification of the Compliance System.

Appointment of new chair and secretary of the Compliance Unit.



A more in-depth description of the specific activities performed by the Sustainable Development Committee during financial year 2023 is provided below:

Powers	Actions taken
<b>Sustainable Development</b>	
<b>Non-financial information</b>	<ul style="list-style-type: none"> <li>- Report on the proposed <i>Statement of Non-Financial Information. Sustainability Report 2022</i>.</li> <li>- Report on the proposed <i>Integrated Report. February 2023</i>.</li> <li>- Report on the proposed <i>Diversity and Inclusion Report 2022</i>.</li> <li>- Monitoring of the main developments in the European rules on taxonomy of non-financial information.</li> </ul>
<b>Stakeholders</b>	<ul style="list-style-type: none"> <li>- Supervision of the implementation of the <i>Stakeholder Engagement Policy</i>.</li> <li>- Analysis and evaluation of the way in which the Company handles its relations with suppliers in terms of sustainability.</li> <li>- Monitoring of activities in the area of employment (satisfaction, diversity, integrity, non-discrimination, equality, reconciliation, accessibility and mobility).</li> <li>- Monitoring of the implementation of the <i>Policy on Respect for Human Rights</i>.</li> </ul>
<b>Monitoring of foundations</b>	<ul style="list-style-type: none"> <li>- Oversight of corporate social responsibility and corporate reputation activities by the foundations.</li> <li>- Monitoring of the Group's foundations</li> </ul>
<b>Other sustainable development activities</b>	<ul style="list-style-type: none"> <li>- Review of the level of implementation of the <i>Sustainable Development Plan 2023-2025</i> and reputational aspects of relevant issues.</li> <li>- Monitoring of work on the circular economy and climate governance.</li> <li>- Analysis of elements for systematic measurement of and tools for measuring ESG+F and corporate social responsibility.</li> <li>- Review of the <i>General Sustainable Development Policy, the Stakeholder Engagement Policy</i> and the environmental and social policies, with a focus on the <i>Biodiversity Policy</i> and the implementation thereof, an area with respect to which the Committee has paid particular attention.</li> <li>- Monitoring and update of Climate Action Plan and update on major weather events.</li> </ul>
<b>Corporate reputation</b>	
<b>Reputation of the Group</b>	<ul style="list-style-type: none"> <li>- Analysis of activities with an impact on corporate reputation, brand and other intangible assets.</li> <li>- Monitoring of the <i>Manual on the Management of Reputational Issues in Crisis Situations</i>.</li> <li>- Monitoring of aspects of international communication with an impact on corporate reputation.</li> <li>- Monitoring of elements having reputational significance.</li> </ul>
<b>Corporate governance and compliance</b>	
<b>Compliance Unit</b>	<ul style="list-style-type: none"> <li>- Monitoring compliance with the annual activity plan of the Compliance Unit and of the annual evaluation of the crime prevention programmes.</li> <li>- Opinion on the <i>Annual report on the Effectiveness of the Compliance System of the Iberdrola Group</i> prepared by the Compliance Unit.</li> <li>- Budget for financial year 2024 and annual activity plan of the Compliance Unit for that financial year.</li> <li>- Proposed amendment of the Compliance System generally, and of the <i>Regulations of the Compliance Unit</i> in particular.</li> </ul>



<p><b>Corporate governance</b></p>	<ul style="list-style-type: none"> <li>- Report on the proposed <i>Annual Corporate Governance Report 2022</i>.</li> <li>- Monitoring of the corporate governance strategy and compliance with legal requirements and the rules of the Governance and Sustainability System.</li> <li>- Verification of the sufficiency and adequacy of the corporate governance and sustainable development information published on the corporate website.</li> <li>- Monitoring of significant legal proceedings within the scope of the Committee's duties and reporting on pending cases.</li> <li>- Monitoring of legal proceedings with an impact on reputation.</li> <li>- Report on the new segmentation of Stakeholders.</li> <li>- Revision of the Orientation Programme for directors, on matters within the purview of the Committee.</li> </ul>
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## Priorities for 2024

- Monitoring of the main European rules on taxonomy and reporting of non-financial information.
- Report to the Board of Directors in relation to the human rights report.
- Monitoring of international trends in the activities of companies in the area of corporate reputation.
- Monitoring of the operation of the Compliance Unit pursuant to the amendment of the Compliance System approved in 2023.

## 7.D Appearances

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

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

- Director of People and Services
- Director of Purchasing and Services
- Director of People and Organisation
- Head of Governance
- Global Head of Stakeholders, Human Rights and Reputation
- Global Retail and Brand Director
- Director of Digital Communication and Social Media
- Head of International Communication
- Director of Diversity and Inclusion
- Innovation, Sustainability and Quality Director
- Director of Climate Change and Alliances
- Chair of Fundación Iberdrola España

Various external advisers have also appeared.

In all cases, the participating external advisers, experts and consultants were selected for their recognised standing and independence of judgement and had no conflict of interest with the Committee.

The attendees were not present during the decision-making part of the meetings and their arrivals and departures were duly recorded in the minutes.



## 7.E Evaluation

In the first quarter of financial year 2023, the Sustainable Development Committee discussed the results of the evaluation process for financial year 2022 and endorsed the activities proposed within the framework of the *Continuous Improvement Plan 2023*.

As regards the results of the evaluation corresponding to financial year 2023, which process was led by the Appointments Committee and which relied on the assistance of the outside advisor PwC, the Committee's complete alignment with the 54 indicators analysed was verified. In this respect, there has been a comparative analysis with 24 domestic and international companies, including domestic and international best practices. This year, the results highlight the work carried out by the Committee regarding ongoing improvement of the Compliance System.

As regards the action plan defined the previous year, the evaluation confirms the implementation of 100% of the actions included in the aforementioned *Continuous Improvement Plan 2023*, including, among other improvements that have been implemented, proper monitoring of progress in the environmental and transparency taxonomy in non-financial reporting, best practices in compliance system and corporate ethics models, internal communication plans, and other issues relating to the Committee.

As a result and as in previous years, no material deficiencies have been detected that would require the implementation of an action plan. Without prejudice to the foregoing, at its meeting of 20 February 2024, the Board of Directors approved the *Continuous Improvement Plan for 2024*, which includes the corresponding progress areas to continue working on excellence in the operation of the corporate decision-making bodies generally, and the Sustainable Development Committee in particular, in terms of both their internal organisation and the procedures applicable to their activities. This plan includes, among other activities, the appropriate monitoring of the implementation of the changes in the Compliance System approved in 2023 and of best practices in the management of corporate reputation.



# 8. Training and Information Programme



“Iberdrola, S.A.” makes available to the directors (on the directors’ website) a Digital Orientation Programme intended to provide the new members of the Board of Directors or of its committees with the support required for them to rapidly and adequately acquaint themselves with the Company and its Group, such that they can actively perform their duties as from their appointment.

This programme was reviewed and updated during financial year 2023, incorporating in particular the content improvements suggested by the consultative committees.

Moreover, a Training and Information Programme is offered, which included the following topics at different meetings of the governance bodies and in documents included on the directors’ website during financial year 2023.

<b>Training documents on the directors’ website for the Board of Directors</b>	European legislation on artificial intelligence and digital services (regulatory trends, main obligations and impact for Iberdrola)
	Analysis of measures adopted by the European Union in response to the gas price crisis and their impact on electricity prices
	Temporary energy tariff
	The International Criminal Court and the United Nations Security Council
	Analysis of the results of general shareholders’ meetings on matters within the purview of the Appointments Committee
	Analysis of the effects of the Iberian derogation
	Trends in Cybersecurity governance: Management of cyber risk
	Corporate purpose
	The new regime for the authorisation of direct foreign investment in Spain
	Business, human rights and the environment: the proposal for a European Directive on corporate sustainability due diligence
	The new securities market legislation
	New virtual worlds and their legal implications for corporations
	Class actions for damages: the new regulation in the Representative Actions Bill ( <i>Anteproyecto de Ley de Acciones de Representación</i> ) and its potential impact on litigation risk for Spanish companies
	ESG developments in the United States of America
	The new EU Foreign Subsidies Regulation
	Equality, diversity and inclusion regulation and trends
	Biodiversity: creating value through natural capital
Criminal liability of legal persons in Spain and internal compliance systems.	



<b>Board of Directors</b>	Status and outlook for green hydrogen and by-products
	Artificial intelligence and cybersecurity
	Asset rotation plan: development and next steps
	Market situation and financial policy of the Iberdrola Group
<b>Audit and Risk Supervision Committee</b>	Political, reputational and corruption-related risks, and alert mechanisms for these types of risks.
	Training on non-financial information
	Environmental and social risks associated therewith, and alert mechanisms for these types of risks.
	Current risks of the Retail business
	Risks associated with the Finance, Control and Corporate Development Division
	Current risks of the Renewables Business
	Four training sessions on cybersecurity
	New accounting developments
	Transparency regarding the payment of taxes prepared by the Global Tax Division
	Current risks of the Networks Business
	Technological risks of the businesses of the Iberdrola Group
<b>Appointments Committee</b>	Analysis of the results of general shareholders' meetings on matters within the purview of the Appointments Committee
	International best practice in development plans for senior management and other key positions at listed companies
	Best practices in talent attraction, retention, management and promotion
	Implementation of measures at the Iberdrola Group to attract, retain, manage and promote talent, and particularly training and monitoring programmes for the management team
<b>Remuneration Committee</b>	Trends and benchmarks in remuneration committees of listed companies
	Remuneration policies and best practices in the US market
<b>Sustainable Development Committee</b>	Purpose and values
	ESG reporting
	International weather events
	CONVIVE programme
	Circular economy and climate governance Analysis of environmental elements in the non-financial information



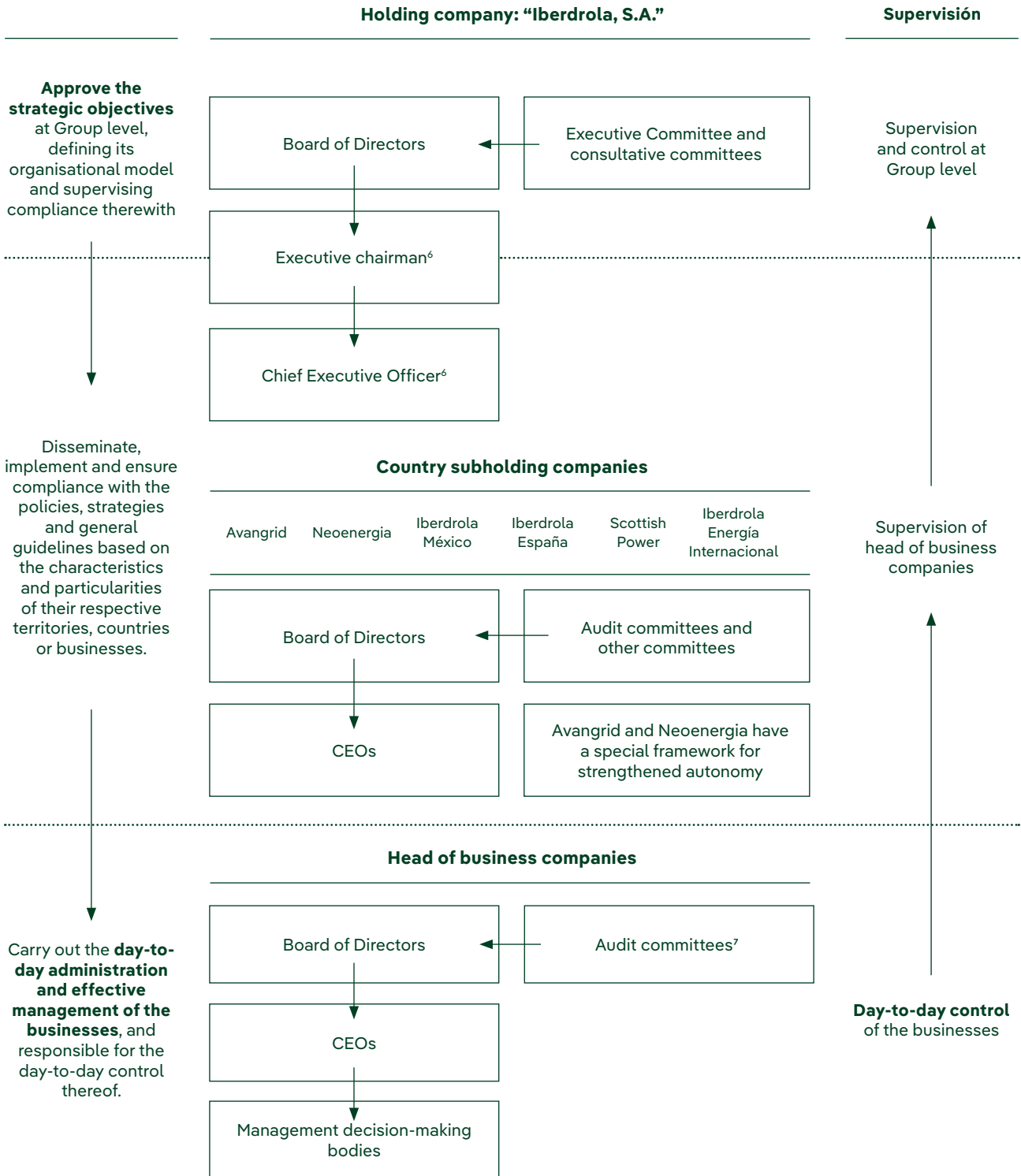
# 9. Annexes





# 9.A Corporate and Governance Structure

## Corporate and governance structure of the Iberdrola Group



<sup>6</sup> The chairman of the Board of Directors and the chief executive officer are technically supported by the Operating Committee and the management team in the performance of their respective strategic supervisory, organisational and coordination duties at the Group level.

<sup>7</sup> In the case of regulated head of business companies.



## 9.B Shareholder Engagement Report

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

For this purpose, it has a *Shareholder Engagement Policy* that encourages constructive, ongoing and effective dialogue in order to favour an alignment between the interests of the shareholders and those of the Company.

In particular, this policy was amended in financial year 2023 to reinforce the continuous and permanent involvement of shareholders in corporate life throughout the year, i.e. not limited to the General Meeting, as well as to reformulate the shareholder dialogue, information, participation and interaction channels, in order to foster their effective and sustainable involvement in the Company.

General Shareholders' Meeting	
<b>Quorum and results</b>	<p>“Iberdrola, S.A.” held the General Shareholders' Meeting on 28 April 2023 in hybrid form, combining in-person and remote attendance.</p> <p>The quorum reached was 71.97% of the share capital (31.23% present in person and 40.74% represented by proxy). All proposals were approved by a large majority.</p>
<b>Mechanisms for participation</b>	<p>The Company actively promotes shareholder participation by sending personalised proxy and absentee voting cards, offering multiple alternatives to exercise their rights:</p> <ul style="list-style-type: none"> <li>• the traditional postal system;</li> <li>• assisted channels with personal attention via the shareholder information desks and the telephone channel; and</li> <li>• electronic channels that optimise the immediacy and efficiency of the participation process, such as the corporate website, e-mail and instant messaging (WhatsApp and Telegram).</li> </ul> <p>Shareholders were able to participate remotely during the six weeks between the call to and the holding of the meeting (exceeding the legally established period by 50%), as well as being able to choose between attending the General Meeting online or in person.</p> <p>As is customary at the Company, the traceability of all online participation was guaranteed via the application of blockchain technology, and all participation procedures, as well as the counting of the quorum and voting, were subject to external assurance.</p>
<b>Incentives</b>	<p>The Company paid an engagement dividend of €0.005 (gross) per share to all shareholders entitled to participate in the General Meeting, due to having met the condition of reaching a quorum of at least 70% of the share capital. “Iberdrola, S.A.” uses this incentive to encourage voting at the General Meeting in order to faithfully reflect the will of the shareholders through the participation of the highest possible percentage of share capital.</p> <p>In addition, participants had the opportunity to enter a prize draw for electric bicycles (aimed at encouraging the use of web and telephone channels) and to collect a commemorative gift at the shareholder information desks.</p>
<b>Other facilities</b>	<p>Along with the legally required information, a quick guide to participate in the General Meeting was published on the corporate website, the Virtual Shareholders' Assistant (AVA) was activated, and the permanent channels of the Shareholder's Office were reinforced to deal with queries and clarifications.</p> <p>In addition, an immersive space (Shareholder Month) was opened on the website with round tables and interviews with members of the management team, as well as the ability to take virtual tours of the Group's facilities.</p>



Engagement of institutional investors	
<b>Presentation of results</b>	The publication of results through live and broadcast presentations on the website was viewed by an average of 1,205 people connected remotely.
<b>Presentation of the Strategic Plan</b>	There were no presentations or updates of the Strategic Plan in 2023, as the last update took place in November 2022.
<b>Meetings with investors</b>	Approximately 680 meetings were held with over 1,377 equity, fixed-income and ESG investors in 2023. In addition, the Company maintained periodic contact with analysts and rating agencies. A visit was also made to the Iberdrola training campus with 24 analysts.
<b>Roadshows and equity, fixed-income and sustainable investment presentations</b>	46 roadshows were organised with investors from different geographic areas (Europe, North America, Asia, Australia and New Zealand) and the Company participated in 53 conferences during 2023.
<b>Webinar</b>	Three thematic webinars were held during 2023: one on the importance of grids in the energy transition, another on just transition and a third on decarbonisation. A total of 237 analysts and investors attended the first webinar, with 113 attending the second and 313 the third.
<b>Corporate governance roadshows</b>	Roadshows were held with proxy advisors and institutional investors located in Spain, the United Kingdom, the United States, France, Germany, Qatar, Canada, Belgium, the Netherlands, Switzerland, Ireland, Italy, Luxembourg and Norway, in order to present the latest developments in the area of corporate governance and the agenda for the General Shareholders' Meeting 2023. Contacts were made with 79 institutional investors representing 46% of the share capital overall. The main topics addressed at these meetings were: (i) Board and structure; (ii) remuneration; and (iii) other topics (strategy and finance, human rights, ESG objectives and circular economy)

Engagement of retail shareholders	
<b>Shareholder's Office</b>	In 2023 the shareholder telephone line received 17,895 calls, with the topics of greatest interest being telephone voting at the General Shareholders' Meeting (29%) and information on payment of the dividend (18%).
<b>Corporate website</b>	The Shareholders and Investors section of the corporate website received 386,549 visits in 2023. These represent 2.3% of total visits to the corporate website.
<b>Investor Relations App</b>	The number of annual downloads increased by 35% compared to 2022 and reached 3,995. A cumulative total of 39,200 downloads was reached in 2023.
<b>OLS Shareholders' Club</b>	More than 2,000 shareholders participated in in-person and remote activities. In addition, hundreds of phone calls and e-mails have been received. In 2023 the number of shareholders linked through the OLS Shareholders' Club increased by 20.45% compared to 2022. Shareholders used this permanent channel to raise 80 queries during the year. In addition, the number of visits to this section of the website increased by 15.4% to 82,357. Also noteworthy is the engagement of the linked shareholders in corporate life through their participation in the General Meeting, with more than 85% of the votes, by the members of the OLS Shareholders' Club.
<b>Information campaigns</b>	Three vigorous information campaigns were carried out on national and local media to provide information on the General Shareholders' Meeting and on the two editions of the "Iberdrola Retribución Flexible" optional dividend programme. The "Más Cerca" ("Closer") plan was maintained, whereby direct communications are sent more regularly to shareholders through digital channels.



<b>Engagement campaigns</b>	“Iberdrola, S.A.” continues to conduct campaigns to encourage shareholder engagement not only during the General Shareholders’ Meeting but also throughout the year, as part of its objective to maintain an ongoing meeting every day of the year.
<b>Audiovisual platform (TV channel) for Shareholders</b>	The audiovisual content of this platform was transferred to the private area of the “OLS Shareholders’ Club” website in October in order to give all shareholders greater visibility and access. This new section of the private area makes available to the shareholders information on topical, financial and energy-related issues and on the Group’s social commitment. More than 100 videos have been uploaded and four live events have been streamed to date. The platform continues to be accessible only for shareholders who are duly registered in the “OLS Shareholders’ Club”.
<b>Engagement dividend</b>	“Iberdrola, S.A.” is the only Ibex 35 company that has offered an “engagement dividend” at the General Meeting, whereby an additional amount is paid if a certain quorum is reached, thus encouraging true engagement of the shareholders.



## 9.C Report of the Audit and Risk Supervision Committee on the Independence of the Statutory Auditor

### 1. Introduction

Pursuant to Section 529 *quaterdecies*, subsection 4.f) of the restated text of the Companies Act (*Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010 of 2 July (the “**Companies Act**”), prior to the audit report, listed companies shall annually issue a report containing an opinion on whether the independence of the auditors is compromised.

This report must contain a reasoned assessment of the provision of non-audit services by the statutory auditor, in relation to the rules on independence or the legal provisions governing the performance of statutory audits.

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

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

At the General Shareholders’ Meeting of the Company held on 17 June 2022, the shareholders resolved, at the request of the Board of Directors and upon a prior proposal of the Audit and Risk Supervision Committee (the “**Committee**”), to re-elect “KPMG Auditores, S.L.” (“**KPMG Auditores**” or the “**Statutory Auditor**”) as auditor of the annual financial statements of the Company and its consolidated group (the “**Iberdrola Group**”) for financial years 2022 and 2023.

In consideration of all of the foregoing, the Committee hereby issues this report expressing its opinion on the independence of the Statutory Auditor of the Company and its consolidated group during financial year 2023.

### 2. Scope and activities carried out

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

#### 2.1 Written statement of the Statutory Auditor confirming its independence

Pursuant to Section 529 *quaterdecies*, subsection 4.e) of the *Companies Act*, the Company must annually receive from the Statutory Auditor a statement of its independence with respect to the entities connected to the Company.

KPMG must also provide detailed and itemised information regarding any kind of additional services provided to the Iberdrola Group, including the fees received (both by KPMG Auditores and by the persons or entities connected thereto), pursuant to the legal provisions governing the performance of statutory audits.

In compliance with the foregoing, on 19 February 2024 the Statutory Auditor of the Company and its consolidated group sent a letter to the Committee (the “**Statement of Independence**”) stating as follows:



*“The team in charge of the audit, KPMG Auditores, S.L. and, if applicable, other persons belonging to the audit firm and, where appropriate, other firms belonging to the network, with the coverage applicable thereto, have complied with applicable independence requirements provided in the Statutory Audit Act (Ley de Auditoría de Cuentas) (LAC) and in Regulation (EU) no 537/2014 of 16 April”.*

## 2.2 Relations with the statutory auditor

During financial year 2023, KPMG Auditores appeared on 16 occasions before the Committee and on one occasion before the Board of Directors in order to report on issues relating to the statutory audit and, specifically, on the items set forth below:

- A. At the meeting of the Committee held on 15 February 2023, it submitted the preliminary results of the review of the financial statements for financial year 2022.
- B. At the meeting held on 20 February 2023: (i) it delivered and explained to the Committee the draft audit reports on the individual annual financial statements of Iberdrola and the consolidated annual financial statements of the Company and its subsidiaries; (ii) it reported on the additional report that the auditor must send to the Committee pursuant to Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the “**Additional Report of the Auditor**” and “**Regulation 537/2014**”, respectively) and to Section 36 of Law 22/2015 of 20 July on Audit of Accounts (the “**Statutory Audit Act**”); and (iii) it reported on the presentation that KPMG Auditores would make before the Board of Directors the following day regarding the audit opinion and significant issues occurring during financial year 2022.
- C. At the meeting of 13 March 2023 it presented the draft audit report on the annual financial statements of “Iberdrola Finanzas, S.A.” (Sociedad Unipersonal) for financial year 2022.
- D. At the meeting of 24 April 2023 it presented: (i) the draft audit reports for “Iberdrola Finance Ireland, DAC” and “Iberdrola International, B.V.”; (ii) the additional reports of the auditor on the audit of the annual accounts of “Iberdrola Finance Ireland, DAC” and “Iberdrola International, B.V.”; and (iii) the report on the financial terms and accounting impact of the possible sale of generation assets in Mexico.
- E. At the meeting held on 19 June 2023, it submitted the internal control recommendations resulting from the audit of the Company’s financial information for financial year 2022.
- F. At the meeting held on 17 July 2023: (i) it submitted the preliminary results of the limited review of the financial statements for the first half of the financial year; and (ii) it reported on the most significant recent accounting developments.
- G. At the meeting held on 24 July 2023: (i) it submitted its analysis of the limited review of the Company’s individual and consolidated financial statements for the first half of 2023; and (ii) it submitted the conclusions from its annual evaluation.
- H. At the meeting held on 15 November 2023: (i) it presented its work plan and strategy for the audit of the financial statements of the Company and its group for financial year 2023, as well as those of “Iberdrola Finance Ireland DAC”, “Iberdrola Finanzas, S.A.” and “Iberdrola International B.V.”; and (ii) it provided updated information regarding the follow-up on the internal control recommendations communicated to the Committee at its meeting held on 19 June 2023.



- I. Finally, at the meeting held on 18 December 2023, it submitted the preliminary results of the review of the financial statements for financial year 2023.

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

Furthermore, in accordance with recommendation 42.2.d) of the *Good Governance Code of Listed Companies*, it is expected that KPMG Auditores will appear at the meeting of the Company's Board of Directors to be held on 20 February 2024 in order to report on: (i) the audit opinion; (ii) the report on independence of the auditor; (iii) the audit work performed; and (iv) the draft audit report, all of the foregoing in relation to the annual financial statements of the Company for financial year 2023.

## 2.3 Protection measures to detect threats to independence

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

*"Our Firm has implemented policies and internal procedures designed, as described in the "Be independent and ethical" section of the Transparency Report 2023 of KPMG Auditores, S.L., to provide reasonable assurance that KPMG Auditores, S.L. and its personnel, and any other persons subject to independence requirements (including personnel at the firms of the network) maintain their independence when so required by applicable legal provisions. These procedures include those aimed at identifying and assessing threats that may arise from circumstances related to audited entities, including those that may entail grounds for disqualification and/or those that may require the application of protection measures needed to reduce threats to an acceptably low level".*

## 2.4 Fees

In accordance with the provisions of Section 529 *quaterdecies*, subsection 4.f) of the *Companies Act*, in the Statement of Independence it reports the following fees billed to the Company and its group in 2023 (in thousands of euros):

In thousands of euros	Iberdrola, S.A.	Subsidiaries	Total (Grupo Iberdrola)	Other entities	Total
Audit services	3,446	23,590	27,036	665	27,701
Other non-audit services	1,660	2,864	4,524	20	4,544
<b>Total</b>	<b>5,106</b>	<b>26,454</b>	<b>31,560</b>	<b>685</b>	<b>33,245</b>
Other services	205	-	205	271	476
<b>Total</b>	<b>5,311</b>	<b>26,454</b>	<b>31,765</b>	<b>956</b>	<b>32,721</b>

## 2.5 Audit services

Fees for audit services, which come to the sum of €27,036 thousand and cover the statutory audit of the financial statements of the Iberdrola Group for financial year 2023.

In compliance with the provisions of Section 24.1 of the *Statutory Audit Act*, it is stated for the record that these fees are not influenced or determined by the provision of additional services to the



Iberdrola Group, are not contingent in nature, and are not based on conditions other than changes in the circumstances used as a basis for setting them.

The re-election of KPMG Auditores as statutory auditor of the Company and its consolidated group for financial years 2022 and 2023 was approved prior to the commencement of performance of its duties as such, upon a prior proposal of the Committee made at its meeting of 15 March 2022 and approved by the Company's Board of Directors on 17 March 2022.

## 2.6 Non-audit services

The fees for the provision of non-services provided to the Iberdrola Group amount to €4,524 thousand. A breakdown of the services provided and the respective fees, included as an annex to the Statement of Independence, is provided below:

- A. €1,273 thousand derive from the limited review of the half-yearly financial statements of the Group.
- B. €8 thousand correspond to the preparation of a solvency report of "Iberdrola, S.A." for the decommissioning of the Wikinger offshore wind farm.
- C. €8 thousand correspond to the preparation of a solvency report of "Iberdrola, S.A." for the decommissioning of the Baltic Eagle offshore wind farm.
- D. €86 thousand derive from the debt issue under the November 2022 EMNT programme as guarantor.
- E. €5 thousand derive from the debt issue under the November 2022 EMNT programme as issuer.
- F. €91 thousand derive from the debt issue under the March 2023 EMNT programme as guarantor.
- G. €5 thousand derive from the debt issue under the March 2023 EMNT programme as issuer.
- H. €89 thousand correspond to the preparation of a comfort letter for the update of the June 2023 EMTN programme as guarantor.
- I. €6 thousand correspond to the preparation of a comfort letter for the update of the June 2023 EMTN programme as issuer.
- J. €91 thousand derive from the debt issue under the June 2023 EMNT programme as guarantor.
- K. €5 thousand derive from the debt issue under the July 2023 EMNT programme as issuer.
- L. €14 thousand correspond to the preparation of an agreed-upon procedures report on the *Transparency Report of the Iberdrola Group's Compliance System* for financial year 2023.
- M. €36 thousand correspond to various agreed-upon procedures reports on the description of invoices pending payment to suppliers in order to comply with the provisions of Section 13.3.bis of General Law 38/2003 of 17 November on Subsidies (the "**General Subsidies Act**").
- N. €16 thousand refer to the issue of various special reports to comply with the provisions of Section 13.3.bis of the *General Subsidies Act*.
- O. €40 thousand for agreed-upon procedures reports on the description of invoices pending payment to suppliers as at 21 April 2023 and 31 October 2023 in order to comply with the provisions of Section 13.3.bis of *General Subsidies Act*.





- P. €769 thousand for the regulatory audit of the regulatory information corresponding to financial year 2022 to be delivered to the National Markets and Competition Commission (“CNMC”) in accordance with *Information Circular 8/2021 of 1 December of the National Markets and Competition Commission requesting information from electricity distribution companies for the oversight and calculation of the remuneration of the activity.*
- Q. €180 thousand in relation to the preparation of the agreed-upon procedures report on the declaration of investments of “I-De Redes Eléctricas Inteligentes, S.A.” (Sociedad Unipersonal) to the CNMC in order to comply with the requirements established in *Royal Decree 1125/2021 of 21 December governing the grant of direct subsidies to electricity distribution companies for investments in the digitalisation of electricity distribution networks and in electric vehicle recharging infrastructure from Recovery, Transformation and Resilience Plan funds.*
- R. €13 thousands correspond to the preparation of the agreed-upon procedures report regarding corporate charges invoiced to its subsidiaries.
- S. €9 thousands correspond to the preparation of the agreed-upon procedures report regarding corporate charges invoiced to its subsidiaries.
- T. €20 thousand for the agreed-upon procedures report to enable the recovery of tolls corresponding to customer debts considered uncollectible in 2022.
- U. €8 thousand derive from the certification report required by the French Energy Regulatory Commission (*Commission de Régulation de l’Energie*) (“CRE”) to consider the company’s claims for financial compensation from the CRE on electricity sales to be successful (2022-2023).
- V. €13 thousand derive from the issuance of four capital reduction reports and one capital increase report relating to “Iberdrola Renouvelables France SAS” and subsidiaries of “Aalto Power, S.A.S.”
- W. €46 thousand correspond to the limited reviews of six subsidiaries of “Aalto Power, S.A.S.” as at 31 December 2022.
- X. €24 thousand are due to the preparation of a certification report required by the CRE to certify the expected losses in sales due to the reduction in the price of electricity for residential and small business customers for the period 1 January 2023 to 31 January 2024.
- Y. €15 thousand derive from the issuance of various capital reduction reports and capital increase reports required by French law.
- Z. €66 thousand euros correspond to the issuance of an report on the audit of the balance sheet at 31 December 2022 for participation in the mechanism for the recognition of general system charges not collected from end customers and already paid to distribution companies.
- AA. €56 thousand derive from the report on the audit of the financial statements for financial year 2022 and the report to participate in the mechanism for the recognition of general system charges not collected from end customers and already paid to distribution companies.
- BB. €12 thousand derive from the review of auditor certification models required by the Italian authorities in financial year 2022.
- CC. €96 thousand euros in connection with the verification of certain tax information.
- DD. €3 thousand for the issuance of a special report in compliance with the instructions of the Insurance Commission (*Commissariat aux Assurances*) in Amended Circular 9/02.



- EE. €1 thousand for certifying the submission of the corporate income tax return for financial year 2022.
- FF. €5 thousand for the issuance of reasonable assurance reports on financial statements and internal control for financial year 2022 required by the Australian Financial Services Licence (AFSL) authority for companies operating with financial instruments.
- GG. €158 thousand correspond to the review of the Tax Situation in the Tax Return (ISSIF) for financial year 2022.
- HH. €293 thousand for the preparation of tax opinions relating to financial year 2022 for “Iberdrola México, S.A. de C.V.” and its subsidiaries.
- II. €287 thousand are due to the preparation of audit reports on special purpose regulatory financial statements that must be prepared in accordance with the accounting principles established by the Federal Energy Regulatory Commission.
- JJ. €37 thousand derive from the preparation of the agreed-upon procedures report for compliance with legal requirements established by the United States Environmental Protection Agency.
- KK. €222 thousand arise from the issuance of a comfort letter and consent letter within the framework of the March 2023 debt issue by “New York State Electric & Gas Corporation”, including a limited review of the financial statements.
- LL. €162 thousand arise from the issuance of a comfort and consent letter in connection with an October 2023 debt issue of “The United Illuminating Company”.
- MM. €143 thousand arise from the issuance of a comfort and consent letter in connection with an August 2023 debt issue of “New York State Electric & Gas Corporation”.
- NN. €46 thousand in connection with the consent letter relating to the completion of the company’s statement of self-registration.
- OO. €31 thousand for the audit of the consolidated financial statements for financial year 2022 by segment.
- PP. €21 thousand derive from the preparation of the report regarding the proceedings on which the British regulator Office of Gas and Electricity Markets has requested information from “SP Distribution Plc”, “SP Manweb Plc” and “SP Transmission Plc”.
- QQ. €15 thousand is due to the regulatory work on the Client Assets Sourcebook Audit 2022.

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

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

*“We do not participate in the decision-making process of the entities purchasing the services”  
“These are not services prohibited by Article 5.1 of the REU, which applies to entities connected by a control relationship in the EU. With regard to the services provided to connected entities without a control*



*relationship, as the prohibitions of Article 5.1 or Article 5.5 of the REU do not apply (depending on whether they are provided to entities inside or outside the European Union, respectively), the analysis of threats and safeguards has been carried out on the basis of the coverage established in Sections 14 and 15 of the LAC". "Based on the content and regulation of the services, no threat to the independence of the auditors is identified".*

## 2.7 Other services

During financial year 2023 the Statutory Auditor provided services other than those listed above:

(A) Independent review of the non-financial information included in the Statement of Non-Financial Information for financial year 2022 under International Standard on Assurance Engagements 3000 ("ISAE 3000") for the Company, in the amount of €176 thousand. As regards the provision of this service, the Statutory Auditor states as follows in its Statement of Independence:

- (i) These are not services prohibited by Article 5.1 of the REU.
- (ii) They do not participate in the decision-making process of the entity purchasing the service.
- (iii) To the extent that their work consists of the preparation of an assurance report, based on the standards described in ISAE 3000 and the Action Guidelines regarding engagements for assurance of the Statement of Non-Financial Information prepared by Spain's Institute of Certified Auditors (*Instituto de Censores Jurados de Cuentas de España*) (ICJCE), no significant self-review threat is identified.

(B) Review of the sustainable finance information and indicators included in the Green Bond Report for financial years 2022 and 2023, for the Company. As regards the provision of this service, the Statutory Auditor states as follows in its Statement of Independence:

- (i) These are not services prohibited by Article 5.1 of the REU.
- (ii) They do not participate in the decision-making process of the entity purchasing the service.
- (iii) To the extent that their work consists of the preparation of an assurance report, based on the services described in ISAE 3000 regarding sustainable finance indicators, no significant self-review threat is identified.

(C) Generic provision of accounting training to Avangrid, Inc. As regards the provision of this service, the Statutory Auditor states as follows in its Statement of Independence:

- (i) These are not services prohibited by Article 5.1 of the REU.
- (ii) They do not participate in the decision-making process of the entity purchasing the service.
- (iii) To the extent that their work consists of the provision of entirely generic training on applicable legal provisions in force and does not include the preparation of accounting records, of the financial statements or of projections, forecasts or assessments, no significant self-review threat is identified.

(D) Advisory service regarding the process of obtaining European funds (Next Generation EU), provided to "Wall Box Charges, S.L.", an entity connected by a non-controlling relationship domiciled in Spain, in the amount of €18,169. As regards the provision of this service, the Statutory Auditor states as follows in its Statement of Independence:

- (i) They do not participate in the decision-making process of the audited entity.
- (ii) Taking into account that the interest held by the audited entity in this entity does not exceed the



relative materiality levels established by the statutory auditor to perform its work, the connection between them is not considered to be significant.

(iii) To the extent that its work consists of reviewing the procuring entity's strategic initiatives and eligibility for support, no significant self-review threat is identified.

(iv) Given that its role in the provision of the service is that of merely technical advisers, without KPMG Auditores representing the entity before third parties or any kind of court or government authority, the advocacy threat is not considered to be significant.

(E) Advisory service regarding the verification of controls provided to "Wall Box Charges, S.L.", an entity connected by a non-controlling relationship domiciled in Spain, in the amount of €111,373. As regards the provision of this service, the Statutory Auditor states as follows in its Statement of Independence:

(i) They do not participate in the decision-making process of the audited entity.

(ii) Taking into account that the interest held by the audited entity in this entity does not exceed the relative materiality levels established by the statutory auditor to perform its work, the connection between them is not considered to be significant.

(iii) To the extent that its work consists of verifying a number of controls previously designed and implemented by the procuring entity, no significant self-review threat is identified.

(F) Advisory service in the risk management process provided to "Norte Energía, S.A.", an entity connected by a non-controlling relationship domiciled in Brazil, in the amount of €37. As regards this service, the Statutory Auditor states as follows in its Statement of Independence:

(i) They do not participate in the decision-making process of the audited entity.

(ii) Taking into account that the interest held by the audited entity in this entity does not exceed the relative materiality levels established by the statutory auditor to perform its work, the connection between them is not considered to be significant.

(iii) To the extent that its work consists of performing a gap analysis of the current risk management process compared to international standards, no significant self-review threat is identified.

(G) Advisory service regarding the verification of certain internal controls provided to "Norte Energía, S.A.", an entity connected by a non-controlling relationship, domiciled in Brazil, in the amount of €46,760. As regards the provision of this service, the Statutory Auditor states as follows in its Statement of Independence:

(i) They do not participate in the decision-making process of the audited entity.

(ii) Taking into account that the interest held by the audited entity in this entity does not exceed the relative materiality levels established by the statutory auditor to perform its work, the connection between them is not considered to be significant.

(iii) To the extent that its work consists of verifying a number of controls previously designed and implemented by the procuring entity, no significant self-review threat is identified.

(H) Review of the business continuity plan of "Norte Energía, S.A.", an entity connected by a non-controlling relationship domiciled in Brazil, in the amount of €12,320. As regards the provision of this



service, the Statutory Auditor states as follows in its Statement of Independence:

- (i) They do not participate in the decision-making process of the audited entity.
- (ii) Taking into account that the interest held by the audited entity in this entity does not exceed the relative materiality levels established by the statutory auditor to perform its work, the connection between them is not considered to be significant.
- (iii) To the extent that its work consists of performing a gap analysis of the current business continuity plan of the procuring company, no significant self-review threat is identified.
- (l) Advisory service to “Norte Energía, S.A.”, an entity connected by a non-controlling relationship domiciled in Brazil, regarding the analysis of the operational and financial indicators, in the amount of €46,760. As regards the provision of this service, the Statutory Auditor states as follows in its Statement of Independence:

- (i) They do not participate in the decision-making process of the audited entity.
- (ii) Taking into account that the interest held by the audited entity in this entity does not exceed the relative materiality levels established by the statutory auditor to perform its work, the connection between them is not considered to be significant.
- (iii) To the extent that its work consists of performing an analysis of the current financial and operational performance indicators defined by the procuring entity, no significant self-review threat is identified.

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

*“As regards all of the services itemised above, to the extent that the fees are not material for either of the parties, do not have a contingent component and there is no business relationship or common financial interest in any of the cases, we confirm that no service has been identified which, taken individually, has given rise to a significant self-interest or intimidation threat.*

*In addition, the significance of the potential self-interest threat has been evaluated on an aggregate basis and it has also been considered not to be significant”.*

Furthermore, pursuant to the provisions of Article 56.5 of the *Regulations of the Board of Directors* and Article 29.3 of the *Regulations of the Audit and Risk Supervision Committee*, these bodies may not propose the appointment of an audit firm as the Company’s statutory auditor if they have evidence that such firm is affected by any circumstance of lack of independence, prohibition or disqualification pursuant to the legal provisions governing the audit of accounts, and particularly if the total fees received for the provision of audit and non-audit services to the Company and to any other entity of the Iberdrola Group by the statutory auditor or audit firm or by a member of its network during each of the last three consecutive financial years represent more than 15% of the total annual income of the statutory auditor or audit firm and of said network.

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

*“We confirm to you that the fees paid by the Company to KPMG Auditores, S.L. during the annual financial year ended 31 December 2023 for all items do not exceed fifteen per cent of its total income during the annual financial year ended 30 September 2023”.*

## **2.8 Term and rotation**

By application of the provisions of the *Statutory Audit Act* as regards the appointment, rotation



and engagement of statutory auditors, the Board of Directors of the Company, at its meeting of 15 December 2015, after a tender led by the Audit and Risk Supervision Committee, resolved to propose to the shareholders at the General Shareholders' Meeting held on 31 March 2017 the appointment of KPMG Auditores as the statutory auditor of the annual financial statements of the Company and its consolidated group for financial years 2017 to 2019. The shareholders acting at the General Shareholders' Meeting of the Company approved such appointment for said period.

Furthermore, on 24 February 2020 the Board of Directors resolved to submit to the shareholders at the General Shareholders' Meeting held on 2 April 2020 the proposal of the Audit and Risk Supervision Committee to re-elect KPMG Auditores as statutory auditor of the annual financial statements of the Company and its consolidated group for financial years 2020 and 2021. This proposal was approved by the shareholders at said General Shareholders' Meeting. Along these lines, on 17 June 2022, upon a prior proposal of the Company's Board of Directors, the shareholders acting at the General Shareholders' Meeting resolved to re-elect KPMG Auditores as auditor of the separate and consolidated annual financial statements of the Company for financial years 2022 and 2023.

As regards the audit of the annual financial statements of the Company and its consolidated group for financial year 2023, the audit report will be signed by Mr David España Martín a partner of KPMG Auditores, who has also signed the statement by the Statutory Auditor confirming its independence and will sign the Additional Report of the Auditor that KPMG Auditores will deliver to the Committee pursuant to Section 36 of the *Statutory Audit Act* and Article 11 of *Regulation 537/2014*.

## 2.9 Audit teams

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

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

*"In this regard, we inform you that the professionals hired were not the lead auditors responsible for the work of auditing the Group's financial statements or have the ability to influence the final results of KPMG's audit work at Iberdrola, S.A. We therefore believe that said hirings do not violate any of the absolute prohibitions of the Statutory Audit Act or have given rise to a threat that has compromised our independence as auditors. We also inform you that we are not aware of the hiring of other professionals by significant components, which are understood as those stated in our audit plan submitted to the Audit and Risk Supervision Committee on 18 December 2023"*

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



### 3. Conclusion

In light of the foregoing, the Committee finds that KPMG Auditores performed its audit work with independence from the Company and its consolidated group during financial year 2023.

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

In Madrid, on 19 February 2024.



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

During financial year 2023, the Audit and Risk Supervision Committee submitted the following reports within its purview to the Board of Directors: (i) information relating to the related-party transactions of “Iberdrola, S.A.” and its Group with directors and significant shareholders and their respective connected persons included in the annual accounts for financial year 2022; (ii) the compliance of standardised delegated related-party transactions and of series of transactions in force from 26 July 2022 to 24 July 2023 with the requirements of the *Procedure for Related-Party Transactions with Members of Senior Management, Delegated Related-Party Transactions and Series of Related-Party Transactions*; and (iii) information relating to the related-party transactions of the Company and its Group with directors and significant shareholders and their respective connected persons included in the *Half-Yearly Financial Report 2023*.

It also submitted a report to the Appointments Committee on related-party transactions that could affect the category to which directors belong.



