## Specific Risk Policies for the Various Group Businesses

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Risk Policy for the Networks Businesses of the Iberdrola group

The Risk Policy for the Networks Businesses of the Iberdrola group provides the framework for the monitoring and management of risks associated with the networks businesses of each country in which the Group has a presence within applicable regulations and the general guidelines set out in the General Risk Control and Management Policy. The policy applies to all regulated electricity and gas distribution and transmission/transport activities carried out by the Group in:

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Risk Policy for the Renewable Energy Businesses of the Iberdrola group

The Risk Policy for the Renewable Energy Businesses of the Iberdrola group provides the framework for the monitoring and management of risks associated with the Group’s renewable energy businesses within applicable regulations and the general guidelines set out in the General Risk Control and Management Policy in the various countries in which it operates:

Spain

Production and sale of energy from wind, hydroelectric and photovoltaic sources.

United Kingdom

Production and sale of energy using onshore and offshore wind technology.

United States of America

Production and sale of distributed energy at wind, gas, cogeneration and other renewable energy plants.

Mexico

Production and sale of energy using onshore wind technology and solar sources.

Brazil

Production and sale of energy using onshore wind technology and from hydraulic sources.
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**International**

Production and sale of energy using offshore wind technology in Germany from other renewable energy sources in other European countries and Australia.

The exposure of the renewables businesses to market risk for energy not sold at tariff or under PPAs is transferred to the liberalised business in those countries where said business is present for the integrated management thereof.

Of particular relevance is the control and monitoring of credit risk and of energy sales at regulated rates to long-term fixed price customers (PPA) and to the market, as well as the risks associated with hydro, solar and wind resources and the availability of facilities. Regulatory risk in each country is also constantly monitored.

**Risk Policy for the Liberalised Businesses of the Iberdrola group**

The Risk Policy for the Liberalised Businesses of the Iberdrola group provides the framework for the monitoring and management of risks associated with the Group’s liberalised businesses within applicable regulations and the general guidelines set out in the General Risk Control and Management Policy in the various countries in which it operates, defining the activities affected thereby and establishing appropriate management guidelines in accordance with the structure of each market:

**Spain**

- a. Operation and production of electricity from conventional thermal, nuclear and cogeneration facilities.
- b. Wholesaling of energy (electricity, gas and other energy products).
- c. Retail sale of electricity, gas and energy services, including long-term sales of electricity through PPAs.
- d. Management of the integrated renewable and thermal energy position together with coverage for sales in the Iberian Electricity Market (Mercado Ibérico de Electricidad) (MIBEL), which includes the operational planning of electricity production, of the supply of fuel and emission allowances and of the wholesale and retail sale of electricity and gas.
- e. Investments in new conventional thermal generation and cogeneration plants, as well as investments to acquire customers or investments dedicated to supplying customers with electricity.
- f. Production and supply of hydrogen.

**United Kingdom**

- a. Wholesale purchase and sale of energy (electricity, gas and other fuel), including the power purchase agreement with Scottish Power Renewables.
- b. Retail sale of electricity, gas and energy services to customers.
- c. Investments to increase the portfolio of customers or strictly dedicated to the supply of electricity to customers.
- d. Production and supply of hydrogen.

**Mexico**

- b. Production and sale of electricity and steam to private user partners and qualified customers.
- d. Sale of power by Iberdrola Renovables Mexico under the service and power purchase agreements and signed clean energy certificates.
- e. Strategic and operational planning of electricity production and fuel supply.
- f. Investments in new combined cycle or cogeneration plants, as well as investments to acquire customers or to supply customers with electricity.
- g. Production and supply of hydrogen.
- h. Implementation of industrial heating and cooling projects and facilities.

**Brazil**

- a. Operation and production of electricity at the Termopernambuco plant.
- b. Sale of electricity and energy solutions, managing the portfolio of liberalised customers. Development of solar energy micro-projects, installation of infrastructure and start-up of solar facilities, as well as other energy solutions.
- c. Management of the energy position of the renewable generators of the Neoenergia group through the contracting of energy derivatives.
- d. Support to the distributors of the Neoenergia group in relation to market variables and the management of contracting levels, taking into account regulatory restrictions on the sharing of information and infrastructure.
### Other countries

Retail sale of electricity, gas and/or energy services in Portugal, Italy, France, Germany, Ireland and the United States.

Of particular relevance are the control and monitoring of:

- Market risks associated with the cost of production and the prices at which energy is sold to customers.
- The risks of customers not paying for electricity.
- Operational risks associated with the management of production plants and serving the group’s millions of customers.
- The regulatory risks under which liberalised businesses operate, associated with the various energy sources used to produce electricity in each country.

### Risk Policy for the Real Estate Business

The **Risk Policy for the Real Estate Business** establishes the framework for the monitoring and management of risks affecting the business carried out by Iberdrola Inmobiliaria, S.A.U. in order to mitigate and reduce the risks associated with the fulfilment of its objectives within the general guidelines set out in the **General Risk Control and Management Policy**.

Particularly contemplated are the risks associated with activities of land management, real estate development and the lease of assets of Iberdrola Inmobiliaria, S.A.U. in Spain and other countries.