

Corporate Tax Policy



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The Board of Directors of IBERDROLA, S.A. (the “Company”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”). The Board of Directors is also responsible for formulating the tax strategy and approving investments and transactions that are particularly important from a tax standpoint because of the high amount or special characteristics thereof.

In fulfilling these responsibilities, and within the framework of the law and the *By-Laws*, the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*, and its sustainable development strategy, the Board of Directors hereby approves this *Corporate Tax Policy* (the “**Policy**”).

■ 1. Purpose

This *Policy* is intended to set forth the Company’s tax strategy, based on excellence and a commitment to the application of good tax practices within the framework of the corporate and governance structure of the Group.

The Company’s tax strategy consists basically of ensuring compliance with applicable tax laws and regulations and seeking to establish an appropriate coordination of the tax practices followed by the companies of the Group, all within the framework of fulfilling the corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementation of business decisions. To that end, the Company takes into account all legitimate interests, including public interests, that converge in its business. In this connection, the taxes that the companies of the Group pay in the countries and territories in which they do business are their main contribution to sustaining public expenditures and, accordingly, one of their contributions to society and to the achievement of goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

■ 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

■ 3. Main Principles of Conduct

Compliance by the companies of the Group with their tax obligations and their relations with tax authorities shall be governed by the following main principles of conduct, the application of which corresponds to each of them in accordance with the standards set out in section 5 below:

- a. compliance with tax rules in the various countries and territories in which the companies of the Group operate, paying all taxes due in accordance with the legal system.
- b. the making of decisions on tax matters by the companies of the Group based on a reasonable interpretation of applicable legal provisions and in close connection with their activities.
- c. the prevention and reduction of significant tax risks, ensuring that taxes bear an appropriate relationship to the structure and location of activities, human and material resources, and business risks.
- d. the strengthening of the relationship with tax authorities based on respect for the law, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, without prejudice to the legitimate disputes that, observing the aforementioned principles and in the defence of the corporate interest, may arise with such authorities concerning the interpretation of applicable legal provisions.
- e. the provision of information to the management decision-making bodies on the main tax implications of the transactions or matters submitted to it for approval, when they are a significant factor in making a decision.
- f. envisaging the taxes that Group companies pay in the countries and territories in which they operate as the principal contribution to sustaining public expenditures, and therefore as one of their contributions to society

■ 4. Good Tax Practices

Applying the foregoing principles, the companies of the Group assume the following good tax practices:

- a. not to use artificial structures unrelated to their business for the sole purpose of reducing their tax burden nor, in particular, enter into transactions with related entities solely to erode the tax basis or to transfer profits to low-tax territories.



- b. avoid opaque structures for tax purposes, which are understood as structures calculated to prevent knowledge by the competent tax authorities of the party ultimately responsible for the activities or of the ultimate owner of the assets or rights involved.
- c. not to create or acquire companies resident in countries or territories that Spanish legal provisions deem to be tax havens or that are included in the EU blacklist of non-cooperative jurisdictions, with the sole exception of those cases in which the Group company in question is forced to do so because it is an indirect acquisition in which the company in question is part of a group of companies that are being acquired, in which case the provisions of the *Procedure for the Creation of or Acquisition of Equity Interests in Special Purpose Entities or Entities Domiciled in Tax Havens* approved by the Company's Board of Directors must be taken into account.

This procedure shall also apply in the case of creation or acquisition of entities residing in countries or territories not considered to be tax havens under Spanish legal provisions but included in the EU grey list of non-cooperative jurisdictions and with which Spain has not signed a treaty for the avoidance of double taxation.

- d. follow the recommendations of the good tax practices codes implemented in the countries and territories in which the companies of the Group do business, taking into account the specific needs and circumstances of all of the companies making up the Group.

In Spain, the Company has adhered to the *Code of Good Tax Practices* (the "**Code**") approved on 20 July 2010 by the full Forum of Large Businesses (*Foro de Grandes Empresas*) established on 10 July 2009 at the behest of the National Tax Administration Agency (*Agencia Estatal de Administración Tributaria*).

Without prejudice to any revision of this *Policy* by the Company's Board of Directors within the framework of ongoing improvement of the Governance and Sustainability System, the Company's commitment concerning compliance with, further development, and implementation of the *Code* shall extend to any other good tax practices that stem from the recommendations of the *Code* in effect at any time, even if not expressly set forth in this *Policy*.

The Company is also committed to compliance with the *OECD Guidelines for Multinational Enterprises* in the area of taxation.

- e. cooperate with the competent tax authorities in the detection of and search for solutions for fraudulent tax practices of which the Company is aware that may be used in the markets in which the companies of the Group have a presence.
- f. provide significant tax-related information and documents that may be requested by the competent tax authorities in the exercise of their powers, as soon as practicable and with the required scope.
- g. notify the appropriate body of the tax authority and sufficiently discuss therewith all significant issues of fact of which it has notice, in order to commence the appropriate investigative proceedings, if any, and to promote agreements and consents during the course of inspection proceedings, to the extent reasonably possible and without impairing good corporate management.
- h. make available to anyone who so desires the reporting channels required for them to report conduct that may involve the commission of an improper act or an act contrary to law or the Governance and Sustainability System, including the rules of conduct established in the *Code of Ethics*, and therefore including conduct in the tax area.

■ 5. Application of the *Policy* within the Framework of the Corporate and Governance Structure of the Group

The application of this *Policy* shall be governed by the following principles in accordance with the configuration of the Group's corporate and governance structure:

- a. With respect to the Company

The Board of Directors of the Company, through its chairman, chief executive officer and members of its management team, shall promote due observance of the principles and good tax practices set forth in this *Policy* by the companies forming part of the Group with significant activities in the tax area.

The foregoing shall in any event be deemed to be without prejudice to the special framework of strengthened autonomy applicable to the listed country subholding companies.

- b. With respect to the country subholding companies

As regards the principles and good tax practices set out in this *Policy*, the country subholding companies shall assume the responsibilities of determining, organising, coordinating and supervising compliance, in the respective territories, countries or businesses in which they operate, with the standards that must be followed in the application of those taxes that, due to the nature thereof, affect more than one company of the Group.

Specifically, the boards of directors of the country subholding companies shall ensure compliance with this *Policy* at the territory or country level, specifying its content based on the laws applicable in each jurisdiction.

- c. With respect to the head of business companies

The head of business companies shall be responsible for complying with their tax obligations, in all events respecting the principles and good tax practices set out in this *Policy* and the standards established by the country subholding companies.

In particular, the boards of directors of the head of business companies shall be responsible for ensuring compliance with this *Policy* by the entities of the Group through which they carry out their respective businesses.

The provisions of the preceding paragraphs shall be without prejudice to respect for the corporate autonomy of the subsidiaries of the head of business companies domiciled in countries or territories other than that of the parent company or to their own responsibility in complying with their tax obligations while observing the principles and good practices set forth in this *Policy*.

Without prejudice to the provisions of law and the provisions set forth above in this section, the management body of each company of the Group shall be responsible for ensuring that the information such company provides to comply with the tax obligations of the tax group to which it belongs complies with applicable tax provisions as well as the principles and rules set forth in this *Policy*. Said information shall in all cases be prepared in accordance with the standards set by each country subholding company pursuant to the provisions established by the tax divisions of each territory, country or business.

■ 6. Monitoring and Control

The companies of the Group shall adopt the control mechanisms necessary to ensure compliance with the tax laws and regulations, as well as the principles and good practices set forth in this *Policy*, as part of proper business management. They shall also use proper and sufficiently qualified human capital and material resources for such purposes.

The Company's Global Tax Division (or division that assumes the duties thereof) shall approve and periodically review guidelines for the evaluation and management of tax risk applicable to all companies of the Group, which shall include objective standards to classify transactions based on the tax risk thereof, as well as different procedures for the approval thereof, and shall act as the body responsible for tax compliance within the Company, in coordination with the Company's Compliance Unit, proactively and independently endeavouring to ensure compliance with tax provisions as well as with the principles and good practices contained in this *Policy*.

The head of business companies shall report to the country subholding companies on an annual basis regarding the level of compliance with this *Policy*. In turn, the audit and compliance committees of the country subholding companies shall report to the Company's Audit and Risk Supervision Committee on the level of compliance with this *Policy*.

The Audit and Risk Supervision Committee shall, in accordance with the provisions of its regulations, provide to the Board of Directors information on the tax policies and standards applied by the Company during the financial year and, in particular, on the level of compliance with the *Policy* by the companies of the Group.

In addition, in the case of transactions or matters that must be submitted to the Board of Directors for approval, it shall report on the tax consequences thereof when they constitute a significant factor.

■ 7. Transparency

The Company's annual corporate governance report shall set forth the degree of effective compliance with the *Code* by the Company, as well as with other similar codes or recommendations of other jurisdictions to which the companies of the Group have adhered, and shall report on the operation of the systems for controlling tax risks.

In addition, in compliance with the Company's commitment to transparency in relations and in communication with its Stakeholders, it shall disclose the most relevant information on the performance of the Group's companies in tax matters and its tax contribution to the maintenance of public expenditures in the main countries and territories in which it operates, endeavouring to ensure that the information is clear, useful and truthful.

This *Policy* was initially approved by the Board of Directors on 14 December 2010 and was last amended on 20 December 2022.

