

People Management Policy



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NOTICE: This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.

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**”).

In fulfilling these responsibilities, and aware that the workforce is a strategic asset and key element for achieving the purpose and putting into practice the values set forth in the *Purpose and Values of the Iberdrola Group*, the Board of Directors hereby approves this *People Management Policy* (the “**Policy**”).

■ 1. Purpose

The purpose of this *Policy* is to define, design and disseminate a model for the management of resources and human capital in order to attract, develop and retain talent, as well as to encourage the physical, mental and emotional well-being of the workforce through their personal and professional growth, making them participants in the successful business enterprise of the Group’s companies and guaranteeing them a dignified and stable job within a diverse and inclusive environment.

People fundamentally determine the difference between competitive companies and those that are not, and between those that sustainably create value and those that gradually lose their capacity to generate wealth. In this regard, it is essential that companies define, design and disseminate a management model that promotes not only the physical and mental well-being of their professionals, but also an adequate, pleasant, satisfactory and stimulating working environment that generates confidence and motivation, which will promote the professional and personal development of the workforce and result in greater creativity and productivity, thus contributing to the achievement of business objectives.

It is therefore important when making decisions to consider the impact on the working environment and on the physical, mental and emotional well-being of professionals.

Well-being initiatives tailored to business needs reduce absenteeism, increase job satisfaction, employee engagement and talent retention, stimulate the generation and discussion of ideas, advance innovation and motivation, and increase the sense of belonging to the company.

The key principles for the care and development of the workforce are considered to be the design and implementation of frameworks for the management of the resources, human capital and labour relations that allow all professionals to share in the success of all of the companies making up the Group, that promote the economic and social development thereof, thereby contributing to compliance with goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), and that further the objectives of competitiveness and business efficiency.

In particular, this *Policy* provides guidelines for conduct with respect to: (i) the selection of professionals; (ii) the creation of stable and high quality employment within a diverse and inclusive environment; (iii) the building of stable relationships with the workforce; (iv) workplace safety and health; (v) reconciliation between personal and working life; (vi) the management and promotion of talent and training; and (vii) the promotion and encouragement of well-being.

The management of resources, human capital and labour relations must be informed by respect for the human and labour rights recognised by domestic and international law, diversity and inclusion, equality of opportunity and non-discrimination, as well as by the alignment of the interests of the professionals with the strategic objectives established at the Group level.

This *Policy*, the text of which is consistent with the provisions of the *Policy on Respect for Human Rights*, and particularly with labour rights, is further developed through the following policies: the *Equality, Diversity and Inclusion Policy*, the *Selection and Hiring Policy*, the *Knowledge Management Policy*, the *Occupational Safety and Health Risk Policy* and the *Senior Management Remuneration Policy*.

■ 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 and 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. General Principles of Conduct

In order to achieve the aforementioned objectives, the companies of the Group adopt and promote the following general principles of conduct that must inform the management of human capital:

- a. An appropriate framework of labour relations and of agreed mechanisms to bring the organisation into line with corporate and social requirements, promoting the objectives of competitiveness and business efficiency.





- b. Design of a job offering of value that favours the selection, hiring, promotion and retention of talent, consisting of competitive remuneration and a diverse and inclusive work environment that facilitates reconciliation between personal and working life and promotes the professional growth of the workforce of the Group's companies. This professional growth must be based on objective performance standards, equal opportunity and a commitment to the *Purpose and Values of the Iberdrola Group* and to the business enterprise established at the Group level.
- c. The development of consistent processes for the management of resources and human capital that progress in the implementation of a talent culture in all of the territories or countries in which the companies of the Group do business, respecting local characteristics and particularities and the special framework of strengthened autonomy of the listed country subholding companies.
- d. The definition as a strategic objective of the conduct of labour relations based on equal opportunity, particularly between genders, non-discrimination, and the consideration of diversity and inclusion in all variables thereof, pursuant to the *Equality, Diversity and Inclusion Policy*. Measures must also be promoted to facilitate the effective integration of disadvantaged groups and persons with disabilities and to achieve a good working environment that allows professionals to reconcile personal and working life, complying with the law applicable in each territory or country and following best international practices.
- e. The consolidation of stable and quality jobs.
- f. A remuneration system that allows for the attraction and retention of the best professionals and for the alignment of their objectives with those established at the Group level.
- g. Appreciation of the contribution of all professionals to the creation of value for the companies of the Group and to the growth thereof.
- h. Recognising and valuing family and personal connections among the professionals of the Group's companies, a necessary consequence of their strong local roots within the communities in which they have historically done business, and establishing specific measures ensuring that there is no favouring of or discrimination against professionals in hiring and internal promotion processes based on such connection, and that there is no violation of the principle of equal opportunity.
- i. Guaranteeing that the processes of selecting, hiring and promoting professionals of the companies of the Group endeavour to ensure that all of its professionals are persons who are respectable and competent, aligned with the provisions of the *Purpose and Values of the Iberdrola Group* and with the principles of and commitments assumed in the *Code of Ethics*, assessing their background and rejecting those who, in view of their personal record, lack the required competence. All without prejudice to respect for identity and individual beliefs, as established in the *Equality, Diversity and Inclusion Policy*.
- j. A work environment that is safe and healthy within the companies of the Group and within their spheres of influence.
- k. Fostering and promoting well-being at work, caring for and offering a suitable, pleasant, satisfactory and stimulating working environment that generates confidence and motivation among professionals, as well as their commitment to the values of the Group's companies.

■ 4. Instruments

The companies of the Group have the following instruments to achieve the above objectives:

- a. Resources and human capital policies: this *Policy*, the *Equality, Diversity and Inclusion Policy*, the *Selection and Hiring Policy*, the *Knowledge Management Policy*, the *Occupational Safety and Health Risk Policy* and the *Senior Management Remuneration Policy*.
- b. The Company's Personnel and Services Division (or such division as assumes the duties thereof at any time), the main objective of which is to standardise the guidelines for the management and promotion of talent within the framework of the Group, bearing in mind the different social and labour circumstances of the territories in which it operates, and with the support of the resources and human capital divisions at the various companies of which it is composed, which are responsible for implementing and monitoring human resources policies and strategies.

To meet this objective, the Company's Personnel and Services Division (or such division as assumes the duties thereof at any time) may create specialised global committees in areas like the selection and hiring of professionals, training, remuneration systems and social-welfare benefits, which will act in coordination with any local committees that the resources and human capital divisions of the country subholding companies decide to create.
- c. The Company's Diversity and Inclusion Division (or such division as assumes the duties thereof at any time), which is responsible for the implementation, monitoring and verification of compliance with the *Equality, Diversity and Inclusion Policy*;



- d. Collective bargaining agreements or specific equivalent agreements to govern aspects relating to human resources management, as well as the existing specific monitoring mechanisms.
- e. Channels for dialogue and communication with the professionals of the Group's companies, and particularly mixed subcommittees or committees with professionals, labour climate or satisfaction surveys, meetings with the executive chairman and the members of senior management, specific meetings, the corporate website and the various intranets of the Group's companies.
- f. International mobility programmes aligned with the Group's Business Model to favour the exchange of experiences and knowledge, professional development and the promotion of talent, and the firm establishment of a Group-level culture.
- g. Training programmes that foster the development of intellectual capital and the promotion of professionals within the companies of the Group.
- h. A specific programme for the training and monitoring of management personnel fostering internal promotion and ensuring the orderly succession in senior management positions and other key positions within the Company and the other companies of the Group.
- i. Occupational risk prevention programmes and processes and a global workplace safety and health system based on defined standards applicable to all companies of the Group.
- j. Guidelines and programmes to promote physical, mental and emotional well-being and a healthy, safe, pleasant, diverse and inclusive working environment that fosters the personal and professional development of the workforce of the Group's companies and addresses their global training concerns.

■ 5. Main Principles of Conduct in connection with Equality, Diversity and Inclusion

The *Equality, Diversity and Inclusion Policy* further develops the objectives and principles on these matters at the Group level, which can be summarised in the following:

- a. respect for diversity among the professionals of the Group's companies, promoting non-discrimination;
- b. development of the principle of equal opportunity, the observance of which is one of the basic pillars of professional development, and entails the commitment to provide and show equitable treatment that promotes the personal and professional progress of the workforce, keeping professionals with family or similar personal connections from holding posts directly reporting -either hierarchically or functionally- to the professionals with which they are connected, among other issues; and
- c. promotion of gender equality, especially as regards access to employment, professional training and promotion, and working conditions.

The Company endeavours to ensure that the processes related to the selection, hiring, management of labour relations, training and promotion of professionals in which artificial intelligence is used, and especially the algorithms used, do not suffer from biases that violate these objectives and principles or prevent the verification thereof due to limitations on transparency and/or tracking of results pursuant to the provisions of the *Policy on the Responsible Use of Artificial Intelligence Tools and Algorithms*.

■ 6. Main Principles of Conduct in connection with the Selection and Hiring of Professionals

As further developed in the *Selection and Hiring Policy* and in the *Equality, Diversity and Inclusion Policy*, the main principles of conduct in connection with selection and hiring are:

- a. develop a global framework for standardising talent recruitment, selection and hiring procedures within the companies of the Group;
- b. endeavour to ensure that selection and hiring processes are objective and impartial, and that the process of selecting family members of professionals of the Group's companies or persons with another similar personal connection does not involve the participation of the workforce members to whom they are connected;
- c. encourage the access of young people to their first job through scholarship programmes, programmes for graduates and other agreements;
- d. provide candidates with an attractive and comprehensive job offer of value that favours the selection and hiring of the best professionals;
- e. favour the hiring of professionals from excluded groups and of persons with disabilities;
- f. the Group's companies must offer value based upon equal opportunity, diversity and inclusion and be made up of competitive remuneration, a broad offer of professional training and development, a healthy, safe, diverse and inclusive work environment, contribution to the business enterprise, and measures that facilitate reconciliation between personal and working life;
- g. promote the hiring of its professionals using stable contracts; and



- h. standardise working conditions and the benefits received by part-time and full-time professionals.

■ 7. Main Principles of Conduct in connection with the Management and Promotion of Talent and Training

Talent management and promotion are key aspects to improve the Company's position vis-à-vis its competitors, and their aim is the definition of a framework to develop a global quality management system, involving all professionals of the Group's companies.

In the process of analysis and deliberation prior to the adoption of its resolutions, the Board of Directors generally gives special consideration to the impact that its decisions might have on the talent management and promotion strategy at the Group level.

The Company also works continuously to configure a value offering addressed to its professionals that favours the selection, hiring, promotion and retention of talent.

One of the basic aspects of global talent management at the Group level is the encouragement of training in accordance with the following main principles of conduct:

- a. Establishment of a conceptual framework that includes all training actions designed to promote the qualification of the workforce, aligning it with a diverse, inclusive and multicultural work environment, open to cultural changes, expanding the principles set out in the *Purpose and Values of the Iberdrola Group*, creating value at the Group level and promoting the sustainable development of the businesses.
- b. Implementation of training programmes and plans that support advanced professional training for the performance of the job, adjustment to technological and organisational changes, adjustment of the workforce to the requirements of the Group's companies and greater capacity for professional development. In particular, these training programmes and plans should facilitate processes of knowledge refreshment and ongoing reconversion of skills, so that technologies, innovation and training make up an interactive triangle that operates to advance sustainable competitiveness at the Group level.
- c. Envisioning training as a key element of professional qualification and development, and as a gateway to opportunities for promotion within the boundary of the Group.
- d. Ensuring that training programmes include aspects relating to respect for human rights, diversity and inclusion and foster a culture of ethical conduct, without exclusionary or discriminatory biases. These programmes must be comprehensive, such that the technical, social and human aspects are considered as a whole in order for professionals to develop in their work not only the best qualifications, but also the principles and values to be promoted with society at the Group level.
- e. Dissemination and sharing of the knowledge existing within the Group's companies, ongoing learning and cultural exchange, so as to boost efficiency through the appropriate use of intellectual capital, in accordance with the provisions of the *Knowledge Management Policy*.

■ 8. Main Principles of Conduct in connection with Performance and Development Evaluations

Evaluations of the professionals and communication of the results thereof to those evaluated are an essential aspect of their professional training. The main principles of conduct in this area are as follows:

- a. perform periodic evaluations of the performance of the professionals of the Group's companies based on objective standards;
- b. communicate the results thereof to the employees evaluated, so as to favour their professional development, contributing to the creation of a feedback culture; and
- c. in the process of salary evaluation or review, avoid direct participation by professionals who are family members or who have a similar personal connection with the professionals involved.

■ 9. Main Principles of Conduct in connection with the Remuneration System

The companies of the Group consider it a priority for the remuneration system to promote the strengthening of its human capital, as the main factor differentiating it from its competitors. The main principles of conduct informing the remuneration systems of the Group's companies are:

- a. favour the attraction, hiring and retention of the best professionals;
- b. maintain consistency between strategic positioning at the Group level and its development, its international and multicultural reality, as well as its objective of excellence;
- c. recognise and reward the dedication, responsibility and performance of all its professionals;
- d. adjust to the various local circumstances in which the different companies of the Group operate; and
- e. be and stay at the forefront of the market, consistently with the position achieved by the Company and the other companies of the Group.

■ 10. Main Principles of Conduct in connection with the Reconciliation of Personal and Working Life

Achieving an effective work/life balance for professionals is a priority at the Group level, which is implemented through the following main principles of conduct:

- a. implement measures of reconciliation that promote respect for the personal and family life of professionals and facilitate the achievement of an optimal balance between the latter and work responsibilities;
- b. establish effective ways to make flexible the conditions for providing services, especially with regard to time and place of work, and which allow for the better adjustment thereof to the various situations that may arise in the private life of professionals;
- c. maintain commitments to external institutions, making an effort to honour the commitments assumed in order to obtain and maintain all certifications and awards given to the Group's companies in connection with reconciliation and equality;
- d. favour the hiring of those suppliers that have internal measures favouring the reconciliation of personal and working life of their personnel; and
- e. address with due measures of reconciliation, among others, the situations of single, married, domestically partnered, divorced, separated, widowed and plurally cohabiting persons, with or without children, and with any other particular family or emotional circumstances, including the specific bond arising with animal companions, as living sentient beings.

■ 11. Main Principles of Conduct in connection with Respect for Private Life and Digital Disconnection

The most recent organisational dynamics and the implementation of new technologies promote organisational efficiency, but at the same time blur the limits between the time dedicated to work and private life. As set forth in this *Policy*, the priority of the Group's companies is for their professionals to be able to fully develop their personal life in a way that is compatible with, and enriches, their work activities.

For these purposes, this *Policy* establishes certain guidelines that allow for the effective separation of the personal and work spheres, with special attention paid to the disconnection from digital devices, without favouring or discriminating against professionals, based on the following main principles of conduct:

- a. Promote the most appropriate digital disconnection guidelines intended to encourage respect for rest time and facilitate the full development of a professional's personal life outside working hours and with the least possible interference from their professional obligations, which should only occur when the need is justified.
- b. Establish the standards for disconnection, which should take into account the specific situation of the different groups of professionals, particularly including: (i) those who must make themselves particularly available due to their high level of responsibility, their engagement in work covering territories in different time zones, or their state of preparedness to meet unpredictable needs, and (ii) those who engage in their work completely or predominantly from a distance, and particularly from their homes.

In this latter case, standards should be defined to ensure full respect for personal life and disconnection from work responsibilities, without prejudice to the business powers to control work and the required flexibility in working hours.

These guidelines for disconnection should be diverse based on the responsibilities of the different workforce groups and should cover the multiple and varied digital communication and information instruments supplied to professionals for the performance of work, particularly mobile devices, computers and tablets enabled for remote work or that receive professional e-mails.

■ 12. Global Workplace Safety and Health System

Recognising the importance of workplace safety and health risks, the Board of Directors commits to taking the actions required to provide safe and healthy conditions for the prevention of work-related injuries and physical or mental health impairments that are suited and adjusted to the purpose, size and context of each organisation and to the specific nature of the risks for professionals within the Company and the other companies of the Group, as well as in its spheres of influence, thereby contributing to the achievement of goals three and eight of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

The *Occupational Safety and Health Risk Policy* is intended to establish a common framework for the control and monitoring of workplace safety and health risks within the general guidelines determined in the *General Risk Control and Management Policy*, and contains the main principles of conduct of the Group's companies in this area.

Group-level commitments in this area are advanced through a number of instruments, including the development and implementation of a system of global standards for physical and mental safety and health, including emotional and social well-being, that determine minimum levels and ensure the harmonisation of the standards applied at all companies of the Group.

All of the foregoing such that the various levels of the organisation are aware of the importance of workplace safety and health in the planning and subsequent implementation of the actions of the Group's companies, and that all professionals contribute with their daily work to the achievement of the goals set in this field.

■ 13. Main Principles of Conduct in connection with Well-Being

In line with the encouragement and promotion of well-being among professionals, the Company will provide them with tools and protocols to minimise the possibility of burnout, work-related stress or anxiety, as well as means to enable them to generate resilience in the face of adversity, whether work-related or personal.

The main principles of conduct that shall guide the Group's companies in this area are:

- a. recognise that the work culture and environment contribute significantly to the ability of professionals to make healthy lifestyle choices, as well as to raise awareness of the importance of physical health in the personal and professional sphere;
- b. advocate for a healthy lifestyle that is not limited to the occurrence of disease, but promotes physical, mental and emotional well-being, encouraging professionals to regularly engage in physical activity and reduce sedentary practices, providing access to healthy food choices, assisting in the process of avoiding bad habits, and promoting motivating work environments;
- c. prepare co-working spaces that facilitate collaboration and interaction among the professionals of the Group's companies, that stimulate the raising and discussion of initiatives and ideas, and that engage them in the activities of the Group's companies;
- d. promote team-building actions aimed at generating a pleasant, stimulating and trusting atmosphere among professionals, improving existing links with the goal of creating a cohesive and motivated team; and
- e. facilitate access to physical, mental and emotional health initiatives by promoting choices that improve collective health.

■ 14. Work Ethics

The Board of Directors has approved a *Code of Ethics* that sets forth the main principles of conduct required of the various companies of the Group and of all their professionals and management team, regardless of their job category, their geographic or functional location, or the company of the Group at which they work, except in the case of professionals of listed country subholding companies that have approved their own *Code of Ethics* in accordance with their internal rules, and the dependent companies thereof, to which this latter code shall apply.

The Compliance Unit has the duty to disseminate, interpret and inform the appropriate bodies of the level of compliance with the *Code of Ethics*.

The compliance units of the Group's companies shall apply the *Code of Ethics* (or the specific code of their country subholding or head of business company) within their respective purviews.

■ 15. Main Principles of Conduct in connection with Corporate Volunteerism

The companies of the Group shall develop corporate volunteering programmes and campaigns that promote the participation of their professionals in community service actions, the goal of which is to put into practice the provisions of the *Purpose and Values of the Iberdrola Group* and the *General Sustainable Development Policy* as regards improving the quality of life of people, looking after the environment and sustainable development, as well as universal access to energy and the elimination of hunger, including collection campaigns that seek to respond to social needs. These corporate volunteering campaigns and programmes are thus an additional means for contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

Said programmes and campaigns shall be guided by the following main principles of conduct:

- a. contribute to social well-being and community service;
- b. strengthen a sense of belonging to the Group and improve the labour climate;
- c. contribute to the ethical training of professionals, channelling their spirit of community service to the benefit of the communities in which the Group's companies are present; and
- d. promote the values of participation, commitment, responsibility and teamwork.

This *Policy* was initially approved by the Board of Directors on 17 February 2015 and was last amended on 20 June 2023.