



Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation

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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”).

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*, as well as its power to establish the Group’s structure and define the organisational model and supervise compliance therewith and the further development thereof, the Board of Directors hereby approves this *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation* (the “**Policy**”).

■ 1. Purpose

The purpose of this *Policy* is to define the corporate and governance structure of the Group, which is based on a recognition of the reality of a multinational, multi-corporate, diversified and efficiently organised and coordinated group for the best development of the corporate object and the achievement of the corporate interest.

■ 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. General Principles

Pursuant to the provisions of its *By-Laws*, the Company pursues its corporate object indirectly, by owning shares or membership interests in other companies.

In this respect, the Group is configured on the basis of the separation between the function of strategic definition and supervision, on the one hand, and that of day-to-day administration and effective management, on the other, providing itself in this respect with a decentralized structure inspired by the principle of subsidiarity and respect for the autonomy of the companies that comprise it, which do business in accordance with the highest ethical standards and in compliance with the good governance recommendations generally recognised in international markets, adjusted to their needs and particularities.

Therefore, essential premises for this *Policy* are the differentiation of the functions corresponding to the Company, as the holding company of the Group, domiciled in Biscay and with Spanish nationality, from the country subholding companies established in the territories in which the companies of the Group do business, and the head of business companies, whether Spanish or foreign.

All of them share the principles reflected in the *Purpose and Values of the Iberdrola Group* and in the *Code of Ethics* and conceive of the social dividend as the direct, indirect or induced contribution of value of their activities for their Stakeholders, particularly through their contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

■ 4. Definition of the Corporate and Governance Structure

The structure of the Group, which is an essential part of the Governance and Sustainability System, is comprised of:

- a. the Company, which is configured as a listed holding company, the main function of which is to act as the entity owning the equity stakes in the country subholding companies;
- b. the country subholding companies, which in turn group together the equity stakes in the head of business companies; and
- c. the head of business companies.

All of them have their own human and material resources to autonomously carry out the duties assigned thereto by the Governance and Sustainability System.

This corporate configuration is intended to favour an agile and rapid decision-making process in day-to-day administration and management, which is within the purview of the head of business companies, while at the same time achieving proper coordination of business activities at the Group level, as described below, as a result of the duties of organisation and supervision performed by the country subholding companies and the Company and within their respective purviews.

Based on the corporate organisation, the Group’s governance structure, which is a key part of the Governance and Sustainability System, is governed by the principles described below, which duly distinguish between the duties of strategic definition and supervision, on the one hand, and day-to-day and effective management, on the other:





- a. Vesting the Company's Board of Directors with powers relating to the approval of the strategic goals at the Group level, the definition of its organisational model, the supervision of compliance therewith and further development thereof, as well as those relating to decisions on matters of strategic importance at the Group level, while fully observing the special framework of strengthened autonomy of the listed country subholding companies referred to in d) below.
- b. Assumption by the chairman of the Board of Directors by the chief executive officer, with the technical support of the Operating Committee, and by the management team, of the duty of supervision, organisation and strategic coordination at the Group level through the dissemination, implementation and monitoring of the overall strategy and the basic guidelines for the management thereof established by the Company's Board of Directors.
- c. The function of strategic supervision, organisation and coordination is strengthened through the country subholding companies, which perform it in relation to the territories, countries or businesses decided by the Company's Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines at the Group level based on the characteristics and particularities of their respective territories, countries or businesses.

One of the main functions of the country subholding companies is to centralise the provision of services common to their head of business companies, in accordance with the provisions of applicable law and especially the legal provisions regarding the separation of regulated activities.

In this regard, the country subholding companies facilitate the coordination of companies in which they hold an interest and are given the responsibility of ensuring compliance with legal provisions on the separation of regulated activities.

In order to specify the application of the Governance and Sustainability System based on applicable law in each territory, country or business, as well as on the characteristics and particular features thereof, and to comply with the responsibilities allocated thereto by the Governance and Sustainability System, the country subholding companies approve rules applicable to their subsidiary head of business companies and specify the application in each territory, country or business, as applicable, of the content of the policies, overall strategies and basic guidelines for management thereof approved by the Company's Board of Directors that cover the Group as a whole.

To best carry out their functions, country subholding companies have within their boards of directors at least one external director who, because of the personal and professional qualities thereof, may carry out their duties without being constrained by relationships with the companies of the Group or with the directors, significant shareholders or members of the management thereof, as well as audit and compliance committees, in addition to their own internal audit and compliance units or divisions.

The chief executive officers of each country subholding company, appointed by their respective boards of directors, shall promote the specific application of the policies, the overall strategies and the basic guidelines for management thereof in each territory, country or business, as applicable, proposing the annual targets and budget, with the ability to represent their respective companies before domestic institutions in coordination, if appropriate, with the chief executive officers of the head of business companies in accordance with the provisions of e) above, and perform such other duties as are determined by each board of directors, always acting under the supervision thereof.

- d. The listed country subholding companies have a special framework of strengthened autonomy that covers the three areas mentioned below.

In the regulatory area, the boards of directors of the listed country subholding companies are authorised to approve their own policies and other internal codes and procedures that specify, develop or make exceptions from the content of the equivalent rules of the Governance and Sustainability System.

In the related-party transactions area, the boards of directors of listed country subholding companies have a committee of their board of directors comprised exclusively of directors without a connection to the Company and that have the power to approve all transactions between the listed country subholding company and the subsidiaries thereof with the other companies of the Group in addition to the authorisations generally required in each case based on the nature of each transaction.

In the management area, listed country subholding companies enjoy a system of strengthened autonomy vis-à-vis the Company, which prevents it and the other companies of the Group from giving to their management team and the management teams of their subsidiaries instructions that interfere with the exercise of the powers vested therein by the Governance and Sustainability System.

The special framework of strengthened autonomy is implemented in the respective contracts signed by the Company with each listed country subholding company.

- e. The head of business companies assume decentralised executive responsibilities, enjoy the independence necessary to carry out the day-to-day administration and effective management of each of the businesses, and are responsible for the day-to-day control thereof.

These head of business companies are organised through their respective boards of directors, which where appropriate include external directors who, because of the personal and professional qualities thereof, carry out their duties without being constrained by relationships with the companies of the Group or with the directors, significant shareholders or members of the management thereof, as well as their own managing boards, and may also have their own audit committees, internal audit areas and compliance units or divisions.



The chief executive officer of each head of business company are responsible for the effective management thereof under the supervision of its board of directors, to which they shall propose the objectives of the businesses and the annual budgets within the framework of the overall strategy of the businesses established at the Group level, and may represent their respective companies before national institutions if they are domiciled in a country or territory other than that of the country subholding company to which they are subordinate, on a coordinated basis with the chief executive officer of the latter.

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. These subsidiaries may be vested with the effective management of their business activities within their country or territory.

The selection of the directors of the country subholding and head of business companies shall endeavour to comply with the *Board of Directors Diversity and Member Selection Policy*, avoiding any implied bias entailing any kind of discrimination, and, in particular, that hinders the selection of female directors.

The Company's Appointments Committee also reports on or prepares proposals regarding the appointment or removal of external directors of both unlisted country subholding companies and of other companies in which the Company has a direct or indirect interest and that are not controlled by a country subholding company. In addition, the Company's Appointments Committee acknowledges the appointment or removal of the external directors of both the head of business companies (that are not controlled by a listed country subholding company) and of the other companies in which the non-listed country subholding companies that are not controlled by a head of business company have a direct or indirect interest.

In order to facilitate the orderly performance of the duties inherent in its status as a holding entity of the Group, the Company's Board of Directors establishes a number of mechanisms that allow for the exchange of information needed for the strategic coordination of the activities performed by the various country subholding companies and head of business companies, without detracting from independence in decision-making by each of them or the requirements imposed on their directors by law and those deriving from the Governance and Sustainability System, in the interest of all of the companies within the Group.

■ 5. The Group's Business Model

The corporate and governance structure of the Group in turn allows for global integration of the businesses in accordance with the Group's Business Model, which is focused on maximising the operational efficiency of the various business units and ensures the dissemination, implementation and monitoring of the overall strategy and the basic management guidelines established for each business, primarily through the exchange of best practices among the various companies of the Group without detracting from independence in decision-making by each of them and the demands imposed upon their directors by law and those deriving from the Governance and Sustainability System.

As part of the Business Model, the Company, within the framework of the duties assigned thereto, promotes the creation and operation of global committees in the interest of each of the businesses in order to maximise the generation of synergies and the exploitation thereof by the companies of the Group. These committees are authorised to approve global guidelines and recommendations, propose initiatives for improvement, favour the exchange of best practices and support the chief executive officer and those responsible for the businesses in the performance of their duties of strategic supervision, coordination and organisation, all without undermining the corporate autonomy of the companies of the Group.

■ 6. Operating Committee

Within the Group's corporate and governance structure, the Operating Committee is an internal committee of the Company, the essential function of which is to provide technical support to the chairman of the Board of Directors and to the chief executive officer, in order to facilitate the development of the Business Model.

■ 7. Duties of the Company's Board of Directors with respect to the Group's Corporate and Governance Structure

The Board of Directors of the Company in any event has the following duties with respect to the corporate and governance structure of the Group:

- a. conform the corporate and governance structure, organisational model and Business Model to the requirements of the corporate interest, complying with applicable law, the Governance and Sustainability System and the Compliance System, and acting in accordance with the *Purpose and Values of the Iberdrola Group* and with the commitments made in the *Code of Ethics*;
- b. endeavour to ensure that the corporate and governance structure as well as the Business Model contribute to the social dividend, reflecting and disseminating the Company's performance in this regard through the statement of non-financial information;
- c. foster an egalitarian, diverse and inclusive culture of talent management and promotion as a reflection of the social and cultural reality of the companies making up the Group;
- d. include in the corporate governance practices covering the Group, the promotion of innovation and digital transformation through the use of new technologies, while preserving security and privacy in furtherance of the corporate interest;
- e. conform the structure of the Group to the legal requirements applicable in the jurisdictions in which it does business, and particularly to those regarding the rules of each jurisdiction on separation of regulated activities;

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- f. determine the location of the headquarters of the Company and of the other companies belonging to the Group based on the corporate interest, and make the relevant decisions or when appropriate submit them to the shareholders at a General Shareholders' Meeting for adoption thereof, in all cases respecting the special framework of strengthened autonomy of the country subholding companies;
- g. analyse potential conflicts of interest and approve Related-Party Transactions (as this term is defined in the *Regulations of the Board of Directors*) affecting any company of the Group, unless the power to approve the Related-Party Transaction is vested in the shareholders acting at a General Shareholders' Meeting in accordance with law or there has been a delegation pursuant to the provisions of the *Regulations of the Board of Directors*. Without prejudice to the foregoing, and as regards those conflicts of interest or Related-Party Transactions affecting listed country subholding companies, the Company's Board of Directors shall ensure compliance with the rules on conflicts of interest and Related-Party Transactions established within the corresponding special framework of strengthened autonomy;
- h. endeavour to ensure the reconciliation of the interest of the companies of the Group that have outside shareholders with the policies and strategies covering the entire Group;
- i. introduce appropriate strategic coordination and organisation mechanisms in the interest of the Company and of the other companies within the Group, pursuant to the Group's Business Model;
- j. approve the creation or acquisition of equity interests in special purpose entities or entities residing in countries or territories that Spanish legal provisions consider to be tax havens or that are included in the EU blacklist of non-cooperative jurisdictions, in line with the *Corporate Tax Policy*, as well as any other transactions of a similar nature that, due to their complexity, might diminish transparency; and
- k. submit to a decision by the shareholders at a General Shareholders' Meeting the inclusion within controlled entities of core activities theretofore carried out by the Company, even if they are wholly owned thereby.

Furthermore, as regards investee entities that do not form part of the Group, the Board of Directors, in defining the general strategy at the Group level, shall respect the particular regulatory aspects affecting such entities due to their nature as a regulated or listed company, their nationality, the jurisdictions in which they do business or any other circumstance that might affect them.

■ 8. Related-Party Transactions

The Board of Directors of the Company, and the Executive Committee in urgent cases, shall be the bodies competent to approve or authorise Related-Party Transactions affecting any company of the Group, and in an amount or value that does not exceed the percentage determined by law to be within the purview of the shareholders acting at a General Shareholders' Meeting, provided that approval thereof has not been delegated pursuant to the provisions of the *Regulations of the Board of Directors*.

In those instances in which the Related-Party Transaction must be authorised by the Board of Directors or the Executive Committee of the Company, and the Company does not directly participate in such transaction, the scope of approval shall be limited to verification that the Related-Party Transaction is fair and reasonable from the standpoint of the Company and, if applicable, of Company shareholders other than the related party, with the competent body of the company participating in the Related-Party Transaction maintaining its powers to decide on whether or not it is appropriate to carry out the transaction.

As regards those Related-Party Transactions affecting listed country subholding companies, the Company's Board of Directors shall also ensure compliance with the rules on related-party transactions established within the corresponding special framework of strengthened autonomy.

■ 9. Foundations

The country subholding companies may entrust the implementation of the sustainable development strategy to various foundations with which they have agreements but which are separate from the corporate structure of the Group and which have independence for the achievement of their purposes and full functionality and autonomy.

These entities implement within their respective territories or countries the sustainable development strategy designed by the Company's Board of Directors, to the extent that it conforms to their founding purposes and is entrusted thereto by the board of directors of the country subholding company with which they have agreements, contributing to the generation of the social dividend and particularly to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN). They receive annual funding corresponding to their functions.

The Foundations Committee, which is an internal consultative body without executive duties, ensures the proper coordination of said foundations, in accordance with the provisions of the *General Sustainable Development Policy*.

■ 10. Use of the IBERDROLA Brand

The Governance and Sustainability System recognises the IBERDROLA brand as a hallmark of the Company and the principal symbol of the *Purpose and Values of the Iberdrola Group*.

To the extent that the companies of the Group or foundations use such brand -owned by the Company- as part of their trade names and distinctive marks used to carry out their businesses, the use thereof shall be governed by the provisions of the *Brand Policy* and the other internal rules established by the Company.



■ II. Stakeholder Engagement, Corporate Websites, Presence on Social Media and Digital Transformation

The country subholding and head of business companies shall have a presence on the internet, and in particular shall actively participate in social media in order to engage with their respective Stakeholders, working together on the innovation and digital transformation strategy of the Group.

For these purposes, the country subholding companies and head of business companies shall have their own identity on social media and their corporate website, the contents of which must be managed in accordance with the guidelines established for such purpose by the Company, and for each territory, country or business by the country subholding companies, if applicable.

The country subholding and head of company companies shall adopt the measures necessary to avoid their corporate websites being confused with that of the Company.

The corporate websites of the country subholding companies and of the head of business companies shall be structured around specific sections intended to identify the corresponding company and its activities, describe its relationship with the other companies of the Group and its environmental, social and corporate governance position, and promote its relations with society in general and with the other relevant Stakeholders, fostering their engagement and strengthening their sense of belonging.

The foundations linked to the Group having agreements with the country subholding companies for the implementation of the sustainable development strategy in their respective country or territory contribute to improving relations and dialogue with the Company's Stakeholders, without prejudice to the autonomy and independence of said entities to achieve their purposes.

This *Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 20 December 2022.

