



Introduction to Book Five - Corporate Governance

20 June 2023

1. The Governance and Sustainability System constitutes the Company's own internal system that it establishes, in the exercise of the corporate autonomy supported by law, to ensure the preservation of its identity, the realisation of its purposes and of its values, and the achievement of its business ends and objectives.
2. As befits the maturity of the Governance and Sustainability System, the corporate policies are characterised by their evolution, consistency and coverage, as well as by their function of embedding and specifying the ideological and axiological content of the purpose and values in guidelines and standards for conduct that rationalise management decisions in recurring or particularly important fields and issues that so require, and constitute an essential part of such Governance and Sustainability System.
3. They thus entail a sensible limitation to the discretion that the directors and professionals of the Company must have in the performance of their duties, thereby defining safe lines of conduct within the framework of respect for and observance of human rights, of the contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), of compliance with environmental, social and governance (ESG) requirements and with the goals established by the Paris Agreement and the United Nations (UN) 2030 Agenda for Sustainable Development, in the monitoring of which it may be assumed, *prima facie*, that the corresponding actions adhere and conform to the *Purpose and Values of the Iberdrola Group* and to the corporate interest of the Company, which they help to realise and further develop.
4. The Company aspires for both its own conduct as well as that of the people connected therewith to be consistent with and conform to not only the requirements or demands established by applicable rules and laws, but also, beyond this minimum required level, to the entirety of its own Governance and Sustainability System, which includes the best practices generally accepted in the international markets in the area of good corporate governance, compliance and transparency.
5. The policies and rules contained in this book five of the Governance and Sustainability System are therefore of particular relevance in the internal organisation of the Company, not only because of the above, but also because of its structure and organisation, its international nature and dimension, and its nature as a listed company and the holding company of an international enterprise.
6. This book five is structured into four parts: (i) corporate governance and regulatory compliance policies; (ii) risk policies; (iii) rules on governance of the corporate decision-making bodies and on other internal functions and committees; and (iv) market abuse prevention rules.
7. Corporate governance and compliance policies play a fundamental role in the internal organisation and proper performance of the Company's business activities. Within the framework of the law, ethical principles and the *By-Laws*, they define the directives and guidelines for conduct in which the *Purpose and Values of the Iberdrola Group* and the sustainable development strategy take shape, and guide the conduct of the shareholders, directors and professionals of the Company and of the other companies of Iberdrola to which they apply and its commitment to the Stakeholders. They also reflect the Company's effective, autonomous, independent and robust Compliance System, with ethical principles, and with ongoing monitoring and penalisation of improper conduct and acts that are illegal or contrary to law or the Governance and Sustainability System.
8. For their part, the risk policies are those referring to actions preventing and mitigating all risks that affect the performance of the Company's broad and ambitious business enterprise, and which are therefore extensively dealt with, covering a wide range of issues and conduct, establishing standards for a multiplicity of risks, from corporate to business, including financial risks, security risks and reputational risks.
9. The governance rules of the corporate decision-making bodies and other internal functions and committees establish the rules of operation of the main corporate bodies of the Company, in accordance with its nature and characteristics as a listed holding company. Based on the corporate configuration of the companies making up Iberdrola as set out in the *By-Laws*, and always with a view to the best compliance with an implementation of the *Purpose and Values of the Iberdrola Group*, these rules seek the primary goal of regulating the most appropriate levels and most suitable procedures for the proper operation of the Company and its internal bodies and committees, defining the composition, powers and operating rules of its main corporate structures, among other aspects, as well as the rights, duties and obligations of their members.
10. Furthermore, since IBERDROLA, S.A. is a public company and an issuer of securities and financial instruments that are traded and listed on markets of this type, the Governance and Sustainability System must also attend to this unique corporate dimension, an issue with respect to which the compliance function assumes particular importance. This is reflected in the section grouping together the *Internal Regulations for Conduct in the Securities Markets* and the *Internal Rules for the Processing of Inside Information*. As a whole, these rules make up a solid and efficient base ensuring that all investors are in equal conditions, protected against the improper use of inside information, as well as potential market manipulation.

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.



11. The corporate governance, regulatory compliance and risk rules and policies that make up this book, are binding, to the extent applicable thereto, on the corporate decision-making bodies and other internal committees of the Company, its directors, its professionals, and, in general, on any persons who may be validly bound thereby, or those who may act or establish relations with the Company.
12. The approval of said rules and policies is entrusted to the Board of Directors, in accordance with and taking into account the exceptions set forth in applicable law, with the participation, if applicable, of specialised committees, particularly the Audit and Risk Supervision Committee and the Sustainable Development Committee, all without prejudice to the power of the shareholders acting at a General Shareholders' Meeting, who are ultimately responsible for approving the corporate focus and management as well as *comprehensive results* at the Group level.
13. Like the rest of the Governance and Sustainability System, the policies and rules contained in this book five are subject to a process of ongoing review for adaptation, adjustment and improvement to ensure that they conform to the context in which the Company carries out its business activities, to applicable law, to the highest ethical standards and to best applicable practices.

In Bilbao, on 20 June 2023.

The Board of Directors of IBERDROLA, S.A.

