



# Regulations of the Remuneration Committee

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## ■ TITLE I. REGULATIONS

### Article 1. Nature and Object

1. Pursuant to the Governance and Sustainability System of IBERDROLA, S.A. (the “**Company**”), the Board of Directors establishes the Remuneration Committee (the “**Committee**”), a permanent internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action and which shall be governed by the provisions set forth in the By-Laws, in the Regulations of the Board of Directors and in these Regulations of the Remuneration Committee (the “**Regulations**”).
2. The object of these Regulations is to favour the independence of the Committee and to determine the principles of conduct and the rules of internal operation thereof, with full respect for the powers of the committees or equivalent bodies that may exist at companies, whether or not listed, belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).
3. These Regulations have been prepared taking into account applicable legal provisions and the good governance recommendations generally accepted in international markets and form part of the Governance and Sustainability System.

### Article 2. Approval, Amendment and Priority

1. These Regulations and any amendments hereof must be approved by resolution adopted by the Board of Directors on the initiative of the Board, of the chairman thereof, of the chair of the Committee, of one-third of the directors or of the Committee itself.
2. These Regulations further develop and supplement the provisions of the By-Laws and of the Regulations of the Board of Directors applicable to the Committee. The latter provisions shall prevail in the event of conflict with the former.

### Article 3. Interpretation

1. These Regulations shall be interpreted in accordance with law and with the Governance and Sustainability System.
2. Issues that may arise regarding the interpretation and application of these Regulations shall be resolved by the Committee itself, and in the absence of such resolution, by the chair of the Committee, who shall be assisted by such persons, if any, as may be appointed by the Board of Directors for such purpose. The Board of Directors shall be informed of the interpretation and resolution of the issues that may have arisen.
3. In the absence of a specific rule, the provisions of the Regulations of the Board of Directors governing its operation, and specifically the calls to meeting, the granting of a proxy to another member of the Committee, the establishment of a quorum for meetings, the holding of meetings without prior notice, the rules for adopting resolutions, voting in writing and without a meeting, and the approval of the minutes of meetings shall apply to the Committee, to the extent not inconsistent with the nature thereof.

### Article 4. Compliance and Dissemination

1. The members of the Committee, as well as the other members of the Board of Directors to the extent they are affected, have the obligation to know and comply with these Regulations, for which purpose the secretary of the Board of Directors shall post them on the directors’ website and on the Company’s corporate website.
2. In addition, the Committee shall have the obligation to ensure compliance with these Regulations and to adopt appropriate measures for the required dissemination thereof among the organisation.



## ■ TITLE II. POWERS

### Article 5. Powers

The Committee shall have the following main powers:

- a. Propose to the Board of Directors the policies and standards on remuneration of the directors and members of senior management and periodically review them, proposing any amendment and update thereof to the Board of Directors and reporting thereto on any issues that might arise regarding the interpretation or application of said policies and standards.
- b. Propose to the Board of Directors the system and the amount of annual director remuneration, as well as the individual remuneration of executive directors and other basic terms of their contracts, including fixed remuneration, annual or multi-year variable remuneration, incentive plans and strategic bonuses, and any compensation or severance payments that may have been contractually agreed to or determined in the event of cessation of office, in any event pursuant to the provisions of the Governance and Sustainability System and particularly of the Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting.

In particular, the Committee shall ensure that the Board of Directors is able to approve in advance the application thereof and the objectives, standards and metrics of the various items of remuneration established, in accordance with the Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting.

The Committee shall ensure that the Board of Directors is able to evaluate the achievement of the objectives, standards and metrics established the prior year that determine the variable remuneration accrued by the executive directors during said financial year. All sufficiently in advance of the date of publication of the annual director remuneration report in order for it to contain all necessary information with a sufficient level of detail.

In this regard, the Committee shall request, through the Secretary of the Board of Directors, the Audit and Risk Supervision Committee and the Sustainable Development Committee, that each of them respectively confirm, both at the design and evaluation stage, that the variable remuneration plans include appropriate assumption of risks and are in line with the Company's sustainable development strategy, respectively, in accordance with the provisions of the Director Remuneration Policy.

- c. Know the remuneration established for the independent directors of the companies of the Group.
- d. Report on and submit to the Board of Directors the proposals of the chairman thereof regarding the structure of the remuneration of the chief executive officer and the terms of the contract thereof.
- e. Report on and submit to the Board of Directors the proposals of the chairman thereof regarding the structure of the remuneration payable to the members of senior management and the basic terms of their contracts.
- f. Report on incentive plans and pension supplements for the workforces of the Group's companies, excluding those of the listed country subholding companies and the subsidiaries thereof.
- g. Each time that there are material changes in the contracts or that changes in the policies may occur, verify that the terms and conditions of the contracts of the executive directors and of senior management are consistent with current remuneration policies or with those proposed by the Board of Directors, as applicable.



- h. Report, prior to the approval thereof by the Board of Directors, on the internal regulations governing incentive plans and strategic bonuses to the extent they affect executive directors and members of senior management.
- i. Conduct a periodic review of the general remuneration programmes for the workforces of the Group's companies, evaluating the adequacy and results thereof.
- j. Ensure compliance with the remuneration programmes of the Company and report on propose the documents to be approved by the Board of Directors regarding remuneration, particularly including the proposed annual director remuneration report and the applicable sections of the Company's annual corporate governance report.
- k. Verify each year based on the information provided to the Committee that the remuneration policies of the directors and of the members of senior management are properly applied, that no payments are made that are not provided for therein, whether circumstances have occurred justifying the application of the malus or claw-back clauses provided for in such remuneration policies and in the contracts of the executive directors and members of senior management, and propose any appropriate measures to recover the amounts that might apply.
- l. Verify that the information published by the Company on its corporate website regarding remuneration of the directors and of senior management is sufficient, appropriate and in accordance with applicable good corporate governance recommendations.
- m. Issue such other reports and take such other actions as may also fall within its purview pursuant to the Governance and Sustainability System or as may be requested by the Board of Directors or the chairman thereof.

## ■ TITLE III. COMPOSITION

### Article 6. Composition

1. The Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee, from among the non-executive directors, and the majority thereof must be classified as independent.
2. Within the aforementioned limits, the Committee may submit to the Board of Directors a proposal for amendment of the number of Committee members when it is deemed that such number will contribute to the more efficient operation of the Committee.
3. The Board of Directors and the Appointments Committee shall promote diversity in the composition of the Committee as a whole and shall endeavour to ensure that the members of the Remuneration Committee have such expertise, qualifications and experience as are required by the duties they are called upon to perform, and particularly, as a whole, regarding corporate governance and the design of remuneration policies and plans for directors and members of senior management.

### Article 7. Positions

1. The Board of Directors shall appoint a chair of the Committee from among the independent directors forming part thereof, who must be a director with the required capacity and sufficient availability to provide greater dedication to the Committee than the rest of the members thereof.
2. The Board of Directors shall also appoint a secretary of the Committee, who need not be a director.



## Article 8. Term of Office

1. Members of the Committee shall be appointed for a maximum term of four years, and may be re-elected on one or more occasions for terms of the same length.
2. The position of chair of the Committee shall be held for a maximum term of four years, and the chair may be re-elected on one or more occasions for terms of the same length.
3. Committee members who are re-elected as directors of the Company by resolution of the shareholders at a General Shareholders' Meeting shall continue as members and in their positions on the Committee, without the need for a new election, unless the Board of Directors resolves otherwise.

## Article 9. Cessation of Office

Committee members shall cease to hold office:

- a. When they cease to be directors of the Company.
- b. When they cease to be non-executive directors, even if they continue as directors of the Company.
- c. When, upon expiry of the term for which they were appointed, a meeting of the Board of Directors has been held and they have not been re-elected.
- d. By resolution of the Board of Directors.

## ■ TITLE IV. TRAINING

### Article 10. Orientation Programme

In order for new members of the Committee to be able to actively perform their duties as from their appointment, the Orientation Programme provided for in the Regulations of the Board of Directors shall be made available to them on the directors' website.

### Article 11. Training Programme

The Committee shall have a periodic training plan that ensures the refreshment of knowledge relating to the scope of the powers thereof, and particularly regarding new developments in the area of remuneration of directors and of the members of senior management.

## ■ TITLE V. OPERATION

### Article 12. Annual Work Plan

1. Before the beginning of each financial year, the Committee shall approve an annual work plan that contemplates at least the following aspects:
  - a. The specific goals established for the financial year relating to each of the powers of the Committee, especially those that might be new or relate to significant issues.
  - b. Issues that should be dealt with on a recurring or one-time basis during the financial year.
  - c. The planning of the training deemed appropriate for the proper performance of the duties thereof.
2. This planning shall take into account that the members of the Committee have responsibilities, mainly of supervision and advice, and should not intervene in the performance or management of matters within the authority of the Company's management.

### Article 13. Schedule and Meetings

1. Once the annual meeting schedule of the Board of Directors has been approved, the chair and the secretary of the Committee shall prepare, within the first month of the financial year,





a proposed annual schedule for the meetings of the Committee, ensuring that the number of meetings is not less than three and does not exceed seven per year and that they are held on days prior to the meetings of the Board of Directors.

2. Preparation of the proposed schedule must consider the time to be devoted to the various duties of the Committee and must take into account the meeting schedule of the Board of Directors and the date for holding the General Shareholders' Meeting, in order to prepare any reports or proposals to be submitted regarding the matters to be dealt with, as well as the report on the activities of the Committee referred to in article 25 below.
3. The proposed schedule shall include the tentative agendas and any appearances that may be deemed necessary. This proposal shall systematically reflect the tentative agenda for the meetings, planning fixed sections for issues that are dealt with on a recurring basis, and other sections for issues that are only dealt with at particular meetings.
4. The secretary of the Committee shall send the proposed schedule to the secretary of the Board of Directors for validation and subsequent preparation of the meeting schedule of the corporate decision-making bodies, pursuant to the provisions of article 29.7 of the Regulations of the Board of Directors. Once the proposed schedule is validated by the Office of the Secretary of the Board of Directors, the Committee shall approve the annual meeting schedule.
5. Where appropriate, the meeting schedule shall be supplemented with the scheduling of preparatory work sessions or meetings on specific issues.
6. The secretary of the Committee must notify the Secretary of the Board of Directors, for validation thereby, of any change in the dates, the items to be discussed or the appearances to be requested with respect to the annual plan for meetings of the Committee from time to time in effect.
7. Without prejudice to the provisions of the preceding sections, the Committee shall meet as many times as the chair thereof deems is necessary to exercise the powers entrusted thereto, as well as when requested by at least two of its members. Prior to sending a call to a meeting not provided for in the meeting schedule of the corporate decision-making bodies, the secretary of the Committee shall send to the secretary of the Board of Directors for validation the date, agenda and any appearances that may be deemed necessary.
8. The chairman of the Board of Directors and the chief executive officer may request informational meetings with the Committee on an exceptional basis.

#### Article 14. Call to Meeting

1. The secretary of the Committee shall, by order of the chair thereof, call the Committee to meeting at least eight days in advance thereof, except in the case of urgent meetings.
2. The call to meeting shall be carried out by any means allowing for receipt thereof and shall include the agenda for the meeting and the documentation expected to be made available to the members of the Committee, which shall first be reviewed by the Office of the Secretary of the Board of Directors to ensure the consistency thereof with the meeting schedule of the corporate decision-making bodies and the Governance and Sustainability System.
3. No prior call to a meeting of the Committee shall be required when all of its members are present and unanimously agree to the holding of the meeting and to the items of the agenda to be dealt with.

#### Article 15. Place of the Meeting

1. Meetings of the Committee shall be held in person at the place designated in the call to meeting.



2. If so decided by the chair of the Committee on an exceptional basis, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The members of the Committee in attendance at any of such interconnected places shall be deemed to have attended the same meeting of the Committee for all purposes.

#### Article 16. Establishment of a Quorum

1. A valid quorum for Committee meetings shall be established with the attendance, in person or by proxy, of a majority of its members.
2. The chair of the Committee shall preside over the meeting. In the event of the vacancy, illness, incapacity or absence of the chair of the Committee, the meeting shall be chaired by the director having the longest length of service on the Committee, and if equal lengths of service, by the oldest.
3. The secretary of the Committee shall act as secretary for the meeting. In the event of vacancy, illness, incapacity or absence of the secretary of the Committee, the person appointed by the Committee for such purpose shall act as secretary.
4. Committee members may give a proxy to another member by communication using any of the means showing the receipt thereof, addressed to the secretary of the Committee and including the terms on which the proxy is given. However, they may not give a proxy in connection with matters affecting them personally or regarding which they are involved in any conflict of interest situation.
5. On an exceptional basis, based on the circumstances in each case, the chair of the Committee may authorise the attendance at the meeting of one or more members by using remote connection systems that permit the recognition and identification thereof, permanent communication with the place where the meeting is held, and their participation therein and the casting of votes, all in real time. Members connected remotely shall be deemed for all purposes to have attended the meeting of the Committee.

#### Article 17. Resolutions

1. Resolutions of the Committee shall be adopted by an absolute majority of the votes of the members present at the meeting in person or by proxy. In the event of a tie, the chair of the Committee shall have the tie-breaking vote.
2. All resolutions adopted shall be recorded in minutes signed by the chair and the secretary of the Committee or by the persons acting in their stead. They shall be approved at the same meeting or at the meeting held immediately thereafter, shall be made available to all of the directors and shall be entered in a book of minutes of the Committee.
3. The Committee shall consult the chairman of the Board of Directors prior to adopting resolutions on matters relating to the executive directors.

#### Article 18. Conflict of interest

When matters to be dealt with at a meeting of the Committee directly affect one of its members or persons related thereto and, in general, when such member is subject to a conflict of interest situation (upon the terms established in the Regulations of the Board of Directors), such member must leave the meeting until a decision is made, and such member shall be subtracted from the number of Committee members for purposes of calculating the quorum and majorities with respect to the matter at hand.



## Article 19. Attendance of Guests

1. Any director of the Company may be asked to attend the meetings of the Committee at the request of the chair of the Committee, addressed for such purpose to the chairman of the Board of Directors.
2. In addition, the chair of the Committee may make a reasoned request to the chairman of the Board of Directors, through the secretary thereof, for the attendance at meetings of the Committee of any member of management or professional of the Company and of the other companies of the Group or a director thereof, as well as of any member of the management decision-making bodies of the companies in which they have an interest whose appointment has been proposed by the Company, provided that there is no legal impediment thereto.
3. In order to organise appearances in the most effective way, the chair of the Committee should consider the issues to be dealt with at each meeting, the schedule of meetings, and the various responsibilities of the persons whose appearance is requested.
4. Persons who are not members of the Committee may not attend meetings thereof when the matters dealt with are outside the scope of the powers or duties of such persons.
5. The presence of members of management, professionals or other directors, whether executive or not, as well as third parties, at meetings of the Committee shall be on an occasional basis and only when required, after an invitation from the chair of the Committee, shall be strictly limited to those items on the agenda for which they are called, and they shall not attend the decision-making portion of the Committee's meetings except in specific cases for which sufficient justification shall be recorded in the minutes of the meeting. The secretary shall record the entries and exits of guests at meetings in the minutes.
6. Efforts shall be made to concentrate and reduce the number of annual appearances at the Committee by the same guest, to the extent possible.
7. The chair of the Committee may authorise the remote attendance of guests using the communication systems described in Article 16.5 above, if the chair so deems appropriate.

## Article 20. Evaluation

1. Within the framework of the annual evaluation provided for in the Regulations of the Board of Directors, the Committee shall coordinate the evaluation of the Committee's performance in order to strengthen the operation thereof, for which purpose it shall ask the opinion of directors who are not members of the Committee.
2. The Committee shall implement the measures formulated by the Board of Directors based on the results of the evaluation of the Committee, which may take the form of a plan for continuous improvement of its operation, recommendations or an action plan for the correction of any deficiencies that have been identified.
3. In the interest of greater transparency, the report referred to in Article 25 below shall state the extent to which the evaluation has caused significant changes in the organisation and procedures of the Committee.

## ■ TITLE VI. COMMITTEE ADVICE AND PARTICIPATION, RIGHT TO INFORMATION AND DUTIES OF COMMITTEE MEMBERS

### Article 21. Advice

1. The Committee may, through the secretary of the Board of Directors, freely access any information or documents available at the Company relating to the matters that are within the Committee's area of authority and that it deems necessary to perform its duties.





2. The Committee may also seek, at the Company's expense, cooperation or advice from outside professionals, which, once approved, shall be reported to the secretary of the Board of Directors. The Committee shall sufficiently evaluate the independence of such advisor and shall ensure that potential conflicts of interest do not prejudice the independence of the outside advice received. Outside professionals must address their reports directly to the chair of the Committee. The rules set out in Article 19 above shall apply to the attendance of outside professionals at meetings of the Committee, to the extent applicable.

#### Article 22. Participation and Right To Information of the Members of the Committee

1. In order to promote a diversity of opinions that enriches the analysis and proposals of the Committee, the chair of the Committee shall ensure that all of the members freely participate in the deliberations, without being affected by internal or third-party pressures, and shall encourage constructive dialogue among them, promoting free expression and a critical attitude.
2. The chair of the Committee, in collaboration with the secretary of the Committee, shall channel and provide the information and documentation required to the other members of the Committee sufficiently in advance of each meeting so that they can properly analyse it and prepare for the meeting.

#### Article 23. Duties of Committee Members

1. Committee members must act with independence of judgement and action with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence. In particular, attendance at meetings of the Committee shall be preceded by the sufficient dedication of its members to analyse and evaluate the information received.
2. In exercising their powers, the members of the Committee shall comply with the provisions of these Regulations and applicable law on professional scepticism and critical attitude regarding the conclusions reached by the executive directors and members of the Company's management team and other persons outside of the Committee, acknowledging the arguments for and against, and with each of the members, and the Committee as a whole, forming their and its own position.
3. Committee members are subject as such to all of the duties of a director set forth in the Regulations of the Board of Directors, to the extent they are applicable to the responsibilities discharged by the Committee.

### ■ TITLE VII. INFORMATION TO THE BOARD OF DIRECTORS AND TO THE SHAREHOLDERS AT THE GENERAL SHAREHOLDERS' MEETING

#### Article 24. Information to the Board of Directors

The chair of the Committee shall inform the Board of Directors, at the next meeting thereof following the meetings of the Committee, of the matters dealt with and the resolutions adopted during its meetings.

#### Article 25. Information to the Shareholders at the General Shareholders' Meeting

1. Pursuant to the provisions of the Regulations of the Board of Directors, the Activities Report of the Board of Directors and of the Committees thereof, which shall include information regarding the operation and the activities of the Committee during the preceding financial year, shall be made available to the shareholders and the other Stakeholders for purposes of the call to the annual General Shareholders' Meeting.
2. In particular, the section of the Activities Report of the Board of Directors and of the Committees thereof regarding the Committee must allow the shareholders and other



interested parties to understand the activities performed by the Committee during the financial year in question, for which reason the publication must contain at least the following aspects:

- a. Description of the regulation of the Committee.
- b. Composition of the Committee during the financial year, including the classification and seniority of each of the members thereof, as well as the significant abilities in terms of knowledge and experience contributed by each member.
- c. The standards used to determine and the rationale explaining the composition of the Committee, particularly in relation to the appointment of members who are not independent directors.
- d. Duties and work performed during the financial year by the Committee, changes therein during the fiscal year and reference to these Regulations.
- e. Meetings held during the financial year and number of attendees, including whether non-members of the Committee have been invited.
- f. Significant activities during the period (reporting those that have been performed with the assistance of external experts).
- g. Evaluation of the operation and performance of the Committee, as well as of the methods used to assess the effectiveness thereof.
- h. Independence and conflicts of interest of external advisors, experts and consultants and the services provided thereby and the remuneration thereof.
- i. Information regarding which domestic or international practical guides on remuneration committees are being followed, if any, and to what extent.
- j. Significant deviations from the procedures adopted or improprieties of which the Board of Directors has been notified in writing in areas within the purview of the Committee.