



Introduction to Book Two - Purpose

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 its values, as well as the achievement of its business ends and objectives.
2. The Governance and Sustainability System, and more specifically its *By-Laws*, which are the primary source and standard thereof, recognise and validate the fact that the Company and the other companies of the Group are guided and governed by a purpose and values, which make up their corporate philosophy, their ideological and axiological foundation.
3. The mandate in the *By-Laws* to formulate, implement and realise the purpose and values within the framework of the Governance and Sustainability System has far-reaching implications.

Among other issues, it means that the achievement thereof constitutes the Company's determining and ultimate purpose, which, strictly speaking, identifies it and singles it out as a business enterprise. Hence, the adoption of a purpose and values, which transcends the achievement of purely financial benefits in the short term, in itself sets a clear guiding star, a precise guide and focus for its work, a singular understanding and comprehension of the role to be played by its Stakeholders, as well as of its links and ties with the communities with which it interacts. In short, the identification and definition of a specific purpose and values means that its entire internal organisation, the Governance and Sustainability System, is conceived, implemented, applied and interpreted in terms of both one and the other, as they constitute its true foundational, informing and guiding principles.

4. The *By-Laws* give to the Board of Directors the power to define and formulate the purpose of the Company.

This power has been exercised by the Board of Directors, which has defined the Company's purpose, its *raison d'être*, as "*to continue building together each day a healthier, more accessible energy model*", as well as its values, its way of being, as summarised with the expressions "*sustainable energy*", "*integrating force*" and "*driving force*".

5. The *Purpose and Values of the Iberdrola Group* rest upon and are further developed in the basic definitions regarding corporate purpose, corporate interest, social dividend and good governance set forth in the Preliminary Title of the *By-Laws*.

This purpose and the values guide the Company and the other companies of the Group towards comprehensive (economic, social, environmental and governance), responsible and sustainable corporate action that contributes to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), meets environmental, social and governance (ESG) requirements, and seeks to obtain profits and the satisfaction of equally comprehensive "dividends" for their Stakeholders and for the communities in which they do business.

6. Thus conceived, the purpose and values identify the Company and the other companies of the Group as a business reality that transcends merely commercial nature thereof to stand as an institutional endeavour that integrates all of the specific Stakeholders within the enterprise, and which, at the same time, is integrated within society with a decisive focus on involvement, commitment and leadership in the task of contributing to progress and sustainable development thereof.

7. In addition to inspiring and informing the entire Governance and Sustainability System, the *Code of Ethics* and the general or cross-cutting corporate policies included in this book two are immediate corollaries to the *Purpose and Values of the Iberdrola Group*.

The *Code of Ethics* represents the materialisation for the Company and the other companies of the Group, through the prism of the *Purpose and Values of the Iberdrola Group*, of corporate ethics, and of generally accepted ethical principles and standards, constituting the guide for conduct that must govern the actions of all its members and of all those related or connected thereto, while at the same time fostering a culture based on ethics and on the commitment to sustainable development.

The corporate policies included in this book two, which are the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy*, constitute the general framework, the set of generic guidelines, ground rules or standards within which the other more specific or particular policies of the Company, i.e. environmental, social, corporate governance and regulatory compliance, and risk policies, are comprised. The first of said policies sets forth the sustainable development strategy based on the ESG foundations or objectives mentioned above. It is the response of the companies of the Iberdrola Group to how to carry out the business activities thereof and how to achieve the purpose thereof in these areas of action; in short, how to achieve said sustainable business value. The second establishes the general guidelines for relations, redefined by the *Purpose and Values of the Iberdrola Group*, with all of the own specific Stakeholders of the companies making up Iberdrola.



8. With the identification, formulation and approval of the *Purpose and Values of the Iberdrola Group*, the *Code of Ethics*, the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy* and the inclusion thereof in the Governance and Sustainability System, the Company, based on its century-old tradition, reaffirms its current identity, its role as an institutional enterprise faithful to its own corporate commitment to the public interest and engaged in comprehensive business action, committed to and shared with its Stakeholders, to whom it provides its leadership and drive in its areas of activity based on sustainable development, within the general framework of respect for human rights, the social market economy and generally accepted ethical principles.

In Bilbao, on 20 June 2023.

The Board of Directors of IBERDROLA, S.A.

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