



Summary of risk guidelines for the various businesses of the group

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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.



■ Risk Guidelines and Limits for the Networks Businesses

These provide the framework for the monitoring and management of risks associated with the networks businesses of each country in which the Group has a presence, within the limits provided by applicable legal provisions on the regulated activities of each country.

The Guidelines apply to all regulated electricity and gas distribution and transmission/transport activities carried out by the Group's companies. Risks associated with the following areas are notable due to their significance:

- Mechanisms for the remuneration and recognition of expenses and investments.
- The incentives and penalties established by each of the regulatory frameworks applicable to each of the distributors, particularly those related to efficiency, quality and continuity of supply, customer service, technical and commercial losses and, if the applicable regulation establishes an obligation to supply energy at a regulated rate (as in the USA and Brazil), energy supply and customer arrears.
- Operational risks (including health and safety, environmental management and cybersecurity)
- Changes in demand, based on the regulation of each market.
- Recovery of increases in financial costs and inflation, based on the regulation of each market.
- Terms and conditions for the renewal of concessions.

Spain

Regulated networks activities:

- a. Distribution of electricity, including the planning, development and operation and maintenance of networks.
- b. Billing and collection of usage fees and charges for direct-to-market customers and retailers.
- c. Reading of the meters of consumers connected to its networks.
- d. Cut-off and reconnection of customers on behalf of retail companies or on their own behalf for direct customers.

United Kingdom

Regulated networks activities:

- a. Planning, development and operation and maintenance of electricity distribution and transmission networks.

United States of America

Regulated networks activities:

- a. Electricity transmission and distribution.
- b. Gas distribution and storage.
- c. Retail sale of electricity and natural gas at regulated rates.

Brazil

Regulated activities of:

- a. Regulated distribution of electricity, including the planning, construction, operation and maintenance of networks.
- b. Supply of electricity for sale at regulated rates, including contracting, measurement, billing, customer service, collection, cut-offs and re-connections for regulated customers.



- c. Planning, construction, operation and maintenance of electricity transmission facilities, including lines and substations awarded at auction.

■ Risk Guidelines and Limits for the Electricity Production and Customers Businesses

These provide the framework for the monitoring and management of risks associated with the electricity production and retail businesses of the Group's companies, within applicable regulations and appropriate management guidelines in accordance with the structure of each market.

Activities subject to the Guidelines:

- a. Production of renewable, nuclear, cogeneration and conventional thermal energy, including the supply of fuel (for combined cycle, cogeneration and nuclear power plants).
- b. Operation and maintenance of facilities, including the ecological and environmental management thereof.
- c. Wholesaling of energy (electricity and natural gas) and other energy products (emission rights, green certificates and similar).
- d. Investments in new generation plants, as well as investments to acquire customers or investments dedicated to supplying customers with electricity.
- e. Retail sale of electricity, gas and energy services, including long-term sales of electricity through power purchase agreements ("PPAs").
- f. Management of integrated position, based on the particular nature of each country and territory, using energy derivatives.
- g. Others, such as production and supply of hydrogen and industrial heating and cooling facilities.

Main production and sale activities by country:

- **Spain:** production and sale of renewable and nuclear energy and gas at combined cycle and cogeneration plants. Retail sale of electricity and natural gas.
- **Mexico:** production and sale of renewable energy and gas at combined cycle and cogeneration plants.
- **United Kingdom:** production and sale of renewable energy and retail sale of electricity and natural gas.
- **Brazil:** production and sale of renewable energy.
- **United States of America:** production and sale of renewable energy.
- **Other countries:** production and sale of renewable energy in Australia, Portugal, Germany, France and other European countries. Retail sale of electricity and natural gas in other countries, such as Portugal.

Main risks:

- Market risk, mitigated by energy sales at regulated rates and to long-term fixed price customers (including long-term PPAs) and by hedges.
- Hydraulic, solar and wind resources.
- Evolution of demand.
- Promotion and construction of generation facilities.
- Availability of facilities, as well as operational risks associated with the management of production plants and serving the millions of customers of the Group's companies.



- Credit risks associated with non-payment for energy by customers and by wholesale counterparties.
- Regulatory risks.

■ Real Estate Business Risk Guidelines and Limits

These establish the framework for the monitoring and management of risks affecting the business carried out by “Iberdrola Inmobiliaria, S.A.” (Sociedad Unipersonal) in order to mitigate and reduce the risks associated with the fulfilment of its objectives within the general guidelines set out in the Foundations.

Particularly contemplated are the risks associated with activities of land management, real estate development and the lease of assets, mainly in Spain.