Equality, Diversity and Inclusion Policy

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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, aware of its commitment to the workforce as its main strategic asset and the key to its business success, and in accordance with the provisions of the Resources and Human Capital Framework Policy, the Board of Directors hereby approves this Equality, Diversity and Inclusion Policy (the “Policy”).

1. Purpose

This Policy seeks to create a favourable environment that facilitates and strengthens equal opportunity, non-discrimination, diversity and the inclusion of the professionals of the companies belonging to the Group, thus adopting a people management model committed to professional excellence and quality of life, all in accordance with applicable law in each country and following best international practices, including the provisions of the Sustainable Development Goals (SDGs) approved by the United Nations in these areas.

Equal opportunity constitutes one of the basic pillars of professional progress, and the development thereof entails equitable treatment to promote the personal and professional progress of the Group’s workforce.

Diversity covers the set of characteristics that make people unique and singular, that is, the richness that each person contributes thanks to their variety, including visible and non-visible traits.

Inclusion, on the other hand, refers to how differences between individuals are valued and opportunities are generated so that everyone can realise their full potential. In other words, a conscious strategy that focuses on developing the structures, systems, processes and culture that generate respect for the individual characteristics of all people within the organisation, while also promoting a sense of belonging that makes them feel valued and part of a group or community.

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 and 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. Main Principles of Conduct in connection with Equal Opportunity

To achieve the aforementioned objectives and commitments in the area of equal opportunity, the Group adopts and promotes the following main principles of conduct that must govern its labour relations:

a. guarantee the quality of employment as a fundamental means to promote equal opportunity and non-discrimination, fostering the maintenance of stable and high-quality jobs, with fair salaries and occupational contents that guarantee a continuous improvement in the abilities and skills of professionals;

b. implement the principle of equal opportunity in the workplace, the observance of which is one of the basic pillars of professional development, and which entails the commitment to provide and show equitable treatment that promotes the personal and professional progress of the Group’s workforce in the following fields:

· promotion, professional development and remuneration: value such knowledge and skills as are required to perform a job, through the evaluation of goals and performance.

In particular, both when making individual proposals for goals and in the assessment of performance and of any salary increases, standards of equal opportunity, non-discrimination and respect for diversity shall be taken into account. Along these lines, equal treatment shall be promoted to encourage the personal and professional progress of the Group’s workforce in a way that recognises the knowledge and skills required for each job, the contribution of professionals to the creation of value, as well as dedication and responsibility in the performance of their duties;

· selection: choose the best professionals by means of selection tools and systems based on the knowledge and abilities of the candidates;

· hiring: not establish discriminatory salary differences and ensure appropriate integration of professionals within the company, workgroup and position;

· training: ensure the education and training of all professionals in the knowledge and skills required for the proper performance of their work;

· support for professionals with different abilities, promoting their effective employment;
• promotion of transparent communication, encouraging innovation and providing professionals the independence they need in the performance of their duties; and
• elimination of any actions contrary to equal opportunity.

c. promote gender equality within the Group, complying with applicable law in each country and following the best international practices, as well as the provisions in this regard of goal five of the Sustainable Development Goals (SDGs) approved by the United Nations, particularly as regards access to employment, professional training and promotion, and working conditions, and for these purposes:

• reinforce the commitment of the Group to gender equality both within the organisation and in society, and raise awareness on this topic in both spheres;
• guarantee the principle of equal opportunity in professional development, removing any obstacles that may hamper or limit a professional career by reason of gender;
• analyse affirmative action measures in order to correct inequalities that appear and to promote access by the less represented gender to positions of responsibility in areas in which it is underrepresented or not present;
• strengthen mechanisms and procedures for selection and professional development that facilitate the presence of the less represented gender with the required qualifications in all areas of the organisation in which it is underrepresented, including through the implementation of specific training and professional development monitoring programmes for women that promote the Group having a significant number of female senior managers;
• strive to achieve a balanced representation within the various decision-making bodies and levels, guaranteeing participation in all consultative and decision-making areas of the Group on the basis of equal opportunity;
• promote the organisation of working conditions with a gender perspective, allowing for the reconciliation of the personal and working life of all professionals employed by the Group to favour gender equality, ensuring the elimination of all gender-based discrimination;
• protect pregnancy, childbirth and post-delivery as specific situations of the female professional group, avoiding negative repercussions thereof on their professional career;
• protect pre-adoption and adoption, avoiding negative repercussions thereof on their professional career;
• promote programmes of collaboration with educational institutions to encourage the presence of the less represented gender in careers and training programmes relating to the businesses of the Group in which the presence of one of the genders is substantially lower than that of the other; and
• collaborate in the fight against gender violence through the establishment of specific programmes that include measures of protection, support and information, in order to accompany and protect the victims of gender violence.

d. standardise working conditions and the benefits received by part-time and full-time professionals;

e. in the establishment of working conditions, respect the principle of equal working conditions for jobs that involve the same demands and have the same value;

f. exclude prejudices that may exist with respect to persons whose social, cultural or educational status does not correspond to models traditionally considered to be standard or customary, and which may unduly inhibit professional progress based on the merit and ability of people; and

g. endeavour to ensure that design of the processes relating to the selection, hiring, management of labour relations, training and promotion of professionals in which artificial intelligence is used is governed by the principal of equal opportunity, upon the terms described in the preceding sections, and especially that the algorithms used, do not suffer from biases that violate the main principles of conduct assumed by the Group in this area due to their design or the actual results of their implementation, or prevent the verification thereof due to limitations on transparency and/or traceability of results.

4. Main Principles of Conduct in connection with Diversity and the Promotion of Inclusion

To achieve the aforesaid objectives and commitments relating to diversity and the promotion of inclusion, the Group adopts and promotes the following main principles of conduct that must govern its labour relations:

a. ensure non-discrimination among its professionals on the basis of any conditions or circumstances that are worthy of protection;

b. promote the contribution of the knowledge, experiences and abilities of all the Group’s professionals, regardless of any personal or social conditions or circumstances;

c. foster a sense of inclusion within the Group that seeks to ensure that all professionals are considered part of the business enterprise and of its role in the local, national and international community. It is thus sought that the Company’s values, principles and objectives are assumed as their own by the Group’s workforce and that their contribution to them is perceived as an essential component of not only professional but also personal development;

d. recognise the coexistence of different generations as a source of continuous enrichment, due to their diverse skills and approaches, both for professionals and for the various businesses and corporate areas, and as a decisive contribution to the adaptation of the services provided by the Company to the needs of the communities in which it does business;

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e. take into consideration that certain impairments in physical and/or intellectual abilities that might be an obstacle for performing some tasks in fact represent significant added value in other duties. In any case, not identify such circumstances in advance and without justification as obstacles to proper integration in the workplace;

f. recognise that the international character of the Group and the contribution made thereto by people of different origins, races or ethnicities represents a permanent and decisive source of enrichment for the Group, which is preserved and encouraged;

g. promote information and communication with the various communities in which the Group does business so that the Company is recognised as a suitable place for the professional development of its various groups as a result of its inclusive practices;

h. ensure that selection and hiring processes are based on neutral and objective standards of merit and ability, while establishing specific actions to promote the inclusion of groups with less easy access to the labour market;

i. address with due measures of integration, among others, the situations of single, married, domestically partnered, divorced, separated, widowed and pluraly cohabiting persons, with or without children, and with other particular family and emotional circumstances, including the specific bond arising with animal companions, as living sentient beings;

j. ensure that decisions on professional promotion and professional development are based on equitable criteria, eliminating from all business decisions in this regard reasons, grounds or consequences detrimental to diversity, promoting the proper inclusion of all groups of professionals;

k. ensure that, in the training of each professional, regardless of the group to which the professional belongs, the professional is provided with sufficient knowledge, aptitudes and skills for the appropriate performance of the professional’s work, while providing for specific actions in such training from the perspective of accepting diversity and rejecting discrimination;

l. encourage the use of inclusive language in all types of internal and external corporate communications, and in any case eradicate the use of discriminatory language;

m. maintain an environment free of harassment at work, especially that with an intention of or based on direct or indirect discrimination, ensuring the establishment of agile and effective grievance channels;

n. constantly develop awareness-raising policies for the professionals within the Group, especially those with management responsibilities, so that they value and promote the contribution that diversity represents for the Company;

o. include within leadership programmes behaviours that encourage better decision-making and a diversity-based culture, as well as an internal communications strategy that can convey the plurality and inclusiveness of the Group;

p. facilitate internal mobility and interaction within the organisation to create networks of contacts and teams that take advantage of multiculturalism, and constantly monitor and update management processes and procedures so that contacts and teamwork enhancing inclusive diversity take place;

q. in line with the Policy on Respect for Human Rights, guarantee the internationally established rights of freedom of association in order to preserve the choice of each person in their relationship with trade unions and the conduct of these organisations in the defence of their legitimate interests; and

r. endeavour to ensure that the processes relating to the selection, hiring, management of labour relations, training and promotion of professionals in which artificial intelligence is used, and especially the algorithms used, do not suffer from biases that violate the objectives and commitments of the Group regarding diversity and the promotion of diversity due to their design or the actual results of their implementation, or prevent the verification thereof due to limitations on transparency and/or traceability of results.

5. Instruments

In order to achieve the objectives set out in this Policy, the Company and the Group have a division reporting to the Company’s Human Resources and Security Division that is responsible for implementing, monitoring and verifying compliance with this Policy.

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This Policy was initially approved by the Board of Directors on 16 December 2008 as the Equality and Reconciliation Policy. Subsequently, as a result of the Company’s pioneer spirit and the process of ongoing review of the Governance and Sustainability System, it approved a Diversity and Inclusion Policy. On 19 April 2021, the Company’s Board of Directors approved the consolidation of the Diversity and Inclusion Policy and the Equal Opportunity and Reconciliation Policy, creating this single policy, which was last amended on 26 April 2022.