General Shareholders' Meeting

29 May 2026

Iberdrola

Sustainable Event

ERRONKA GARBIA

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Report of the Board of Directors

Proposed "Director and Officer Remuneration Policy"

REPORT OF THE BOARD OF DIRECTORS REGARDING THE PROPOSED "DIRECTOR AND OFFICER REMUNERATION POLICY" SUBMITTED TO THE SHAREHOLDERS FOR APPROVAL UNDER ITEM 13 ON THE AGENDA AT THE GENERAL SHAREHOLDERS' MEETING

1. Rationale

This report is prepared by the Board of Directors of "Iberdrola, S.A." (the "**Company**") pursuant to the provisions of Section 529 *novodecies*.4 of the Spanish Companies Act (*Ley de Sociedades de Capital*), which provides that a rationale shall be provided for the proposed director remuneration policy and that a specific report of the appointments and remuneration committee must be attached thereto.

Section 529 *novodecies*.1 of the "Companies Act" provides that the director remuneration policy must be approved by the shareholders at a general shareholders' meeting as a separate item on the agenda, to be applied for a maximum period of three financial years, although proposed new director remuneration policies must be submitted to the shareholders prior to the end of the last year of application of the preceding policy, and the shareholders may decide that the new policy applies as from the date of approval thereof and during the next three financial years. Any change or replacement thereof during such period shall require the prior approval of the shareholders at the general shareholders' meeting, in accordance with the procedure established for approval thereof.

The current "Director Remuneration Policy" was approved by the shareholders at the Company's General Shareholders' Meeting held on 17 May 2024 for application as from the financial year of its approval and during financial years 2025, 2026 and 2027.

In 2025, in accordance with the provisions of the "Companies Act", the Remuneration Committee conducted an extensive review of the "Director and Officer Remuneration Policy" to ensure that the principles, content and disclosures are aligned with the expectations of its shareholders (retail and institutional), of its proxy advisors and of analyses of the various channels, as well as those arising from its action plan.

This review process takes into consideration the following issues, which derive from the action plan for continuous improvement developed by the Remuneration Committee:

- Information gathered annually through the Company's ongoing and transparent dialogue with its shareholders (retail and institutional) and proxy advisors on expectations regarding and possible modifications of the Policy.
- Proactive evaluation regarding whether the remuneration system encourages excessive or inappropriate risk-taking, in consultation with the Audit and Risk Supervision Committee.

- Results of the analysis of best remuneration practices at comparable and global companies carried out annually with the advice of an independent expert, highlighting the reinforcement of the approach on share price appreciation, as well as the benchmark analyses of total remuneration, with a particular focus on long-term variable remuneration aligned with the creation of value for shareholders.
- Results of best corporate governance practices, as well as acknowledgement of new developments in the area of transparency of the remuneration included in the annual director remuneration reports and follow-up on the General Shareholders' Meeting for the adoption of measures for improvement.
- Employee remuneration and how remuneration is aligned with Iberdrola's "Purpose and Values".

Additionally, certain significant milestones reached since the last review of the "Policy" were taken into account, such as:

- Changes in the composition and positions of the Board of Directors and its committees, following the replacement of the chief executive officer.
- The results after the end of the 2023-2025 Strategic Bonus evaluation period. Although ambitious, the objectives disclosed to the markets in the 2023-2025 Strategic Plan were comfortably outperformed by results that again broke records ("record after record").
- The main future challenges of the "2026-2028 Transformational Plan" disclosed to the markets on 24 September 2025 at the Capital Markets Day, which updates the Company's commitments and reinforces the investment strategy, transforming Iberdrola's profile towards a more regulated company, with electricity networks as a major, predictable and profitable growth vector, maintaining financial strength and the growing dividend, creating long-term sustainable value, reaffirming the policy of shareholder remuneration in line with results (payout ratio) and increasing the "social dividend".
- Flexibility in the ability to attract, retain and motivate the most qualified professionals so that the Company can meet its strategic objectives within an increasingly competitive and globalised framework.

In view of the above, in order to drive the execution of the next growth phase and strengthen the retention of leadership during a critical and highly demanding period for the Company, the Board of Directors believes it necessary to submit for the approval of the shareholders at the General Shareholders' Meeting 2026 a new "Director and Officer Remuneration Policy", together with a specific report issued by the Remuneration Committee on 13 March 2026, to replace the "Director and Officer Remuneration Policy" approved by the shareholders at the General Shareholders' Meeting held on 17 May 2024, as well as a new long-term incentive plan aligned with the pace required in the new context and which reinforces the Company's competitive advantage.

The general lines of the new "Director and Officer Remuneration Policy" are similar to those of previous years, although the changes and improvements summarised below have been introduced as a strategic tool for the sustainable creation of value for all stakeholders

(i) For directors in their capacity as such:

- It is proposed to expand the permanent shareholding commitment (shareholding policy) for directors in their capacity as such to an amount equivalent to at least 25% of the annual fixed remuneration (instead of 20%) per year in office, to be held for a cumulative period of five years (instead of four years).
- The maximum aggregate amount of annual remuneration to be paid to all directors in their capacity as such, which was unchanged since 2008, is set at €12,000,000 during each financial year that this Policy is in force, although the amounts of annual fixed remuneration per position and the attendance fees per meeting remain unchanged for 2026.

(ii) For officers:

- It is proposed to expand the permanent shareholding commitment by setting the period during which they may not transfer ownership of the shares received at five years (instead of four years) unless an amount is retained that is equivalent to at least five times (500%) their fixed remuneration (instead of two times).
- With regard to cancellation (*malus*) or clawback clauses for amounts already paid as short- and long-term variable remuneration, it is proposed to clarify the inclusion of misconduct among the triggering circumstances, defined as inappropriate or unethical behaviour that may cause damage to the Company's reputation, declared within the next three financial years, by means of a final court judgment.
- To boost and incentivise the pace at which strategic objectives are achieved ("pay for performance"), aligning the interests of officers with those of shareholders and considering the existing competitive advantage, it is necessary to motivate and retain profiles with a high strategic impact on the creation of value in contexts of economic volatility and geopolitical tensions. These profiles provide the Company with a differential in terms of the combination of leadership, experience, skills and abilities, talent, dedication and innovation, and they have been backed by repeated international recognition over time. In view of the foregoing, a long-term incentive via the delivery of shares for performance linked to achievement of the Company's strategic objectives, specifically, the 2026-2028 Outlook presented at Capital Markets Day on 24 September 2025 (2026-2028 "Transformational LTIP") to maintain the Company's competitive advantage, will be submitted for approval by the shareholders at the upcoming General Shareholders' Meeting. The specific details are set out in the proposed resolution submitted to the shareholders for approval at the General Shareholders' Meeting.

Pursuant to the foregoing, the Board of Directors of the Company, upon a proposal of the Remuneration Committee, has resolved to submit the new "Director and Officer Remuneration Policy" for the approval of the shareholders at the General Shareholders' Meeting 2026 as a separate item on the agenda (item 13), in compliance with the provisions of Section 529 *novodecies* of the "Companies Act", to apply as from the date of approval thereof for financial year 2026 and for the next three financial years (2027, 2028 and 2029).

With this "Director and Officer Remuneration Policy", the Board of Directors intends to continue to promote appropriate remuneration principles and practices throughout the Group in order to contribute to the achievement of the Company's long-term strategic and sustainability goals.

Both the proposed "Director and Officer Remuneration Policy" of the Company and the mandatory specific report of the Remuneration Committee will be made available to the shareholders on the Company's website from the call to the General Meeting, who may also ask for it to be delivered or sent free of charge, in accordance with the provisions of Section 529 *novodecies*.4 of the "Companies Act".

For these purposes, the following are included as annexes to this reasoned proposal:

- Annex 1: The specific report of the Remuneration Committee on the new "Director and Officer Remuneration Policy".
- Annex 2: The full text of the new "Director and Officer Remuneration Policy" proposed for the approval of the shareholders at the General Shareholders' Meeting.

2. Proposed resolution submitted to the shareholders at the General Shareholders' Meeting

The proposed resolution relating to the "Director and Officer Remuneration Policy" submitted to the shareholders for approval at the General Shareholders' Meeting reads as follows:

ITEM 13 ON THE AGENDA

"Director and Officer Remuneration Policy"

RESOLUTION

To approve the Director and Officer Remuneration Policy, the full text of which, together with the required report of the Remuneration Committee, is included in the explanatory report of the Board of Directors made available to the shareholders as part of the documentation relating to the General Shareholders' Meeting as from the date of publication of the announcement of the call to meeting.

Pursuant to the provisions of Section 529 novodecies.1 of the Companies Act, the new Director and Officer Remuneration Policy shall apply as from the date of its approval for financial year 2026 and during financial years 2027, 2028 and 2029.

In Bilbao, on 17 March 2026

ANNEX 1

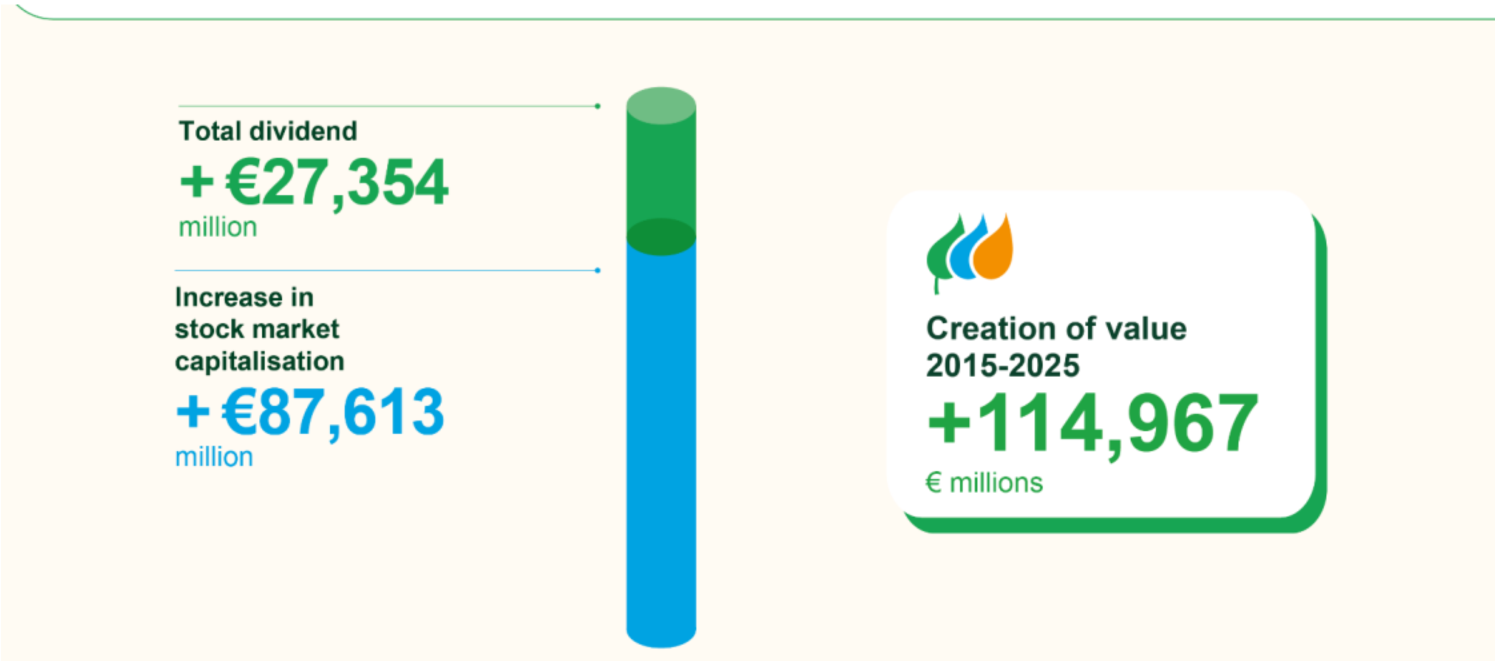
REPORT PREPARED BY THE REMUNERATION COMMITTEE OF "IBERDROLA, S.A." IN RELATION TO THE PROPOSED APPROVAL OF THE *DIRECTOR AND OFFICER REMUNERATION POLICY*, INCLUDED IN ITEM 13 ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 29 MAY 2026 ON FIRST CALL

1. Context and evolution of the Company

Iberdrola's *Director and Officer Remuneration Policy* is intended to recruit, retain, motivate and develop the best talent, incentivising the creation of value and the achievement of corporate objectives to ensure maximum alignment with stakeholders, in accordance with the provisions of policies of other comparable companies. However, what sets Iberdrola apart is the manner in which the *Policy* is put into practice, with notable consistency and continuity over the years , which has made it possible to provide clarity to its directors and officers regarding what is expected of them with respect to the achievement of the strategic goals and the principles to which they must adhere in order to reach them.

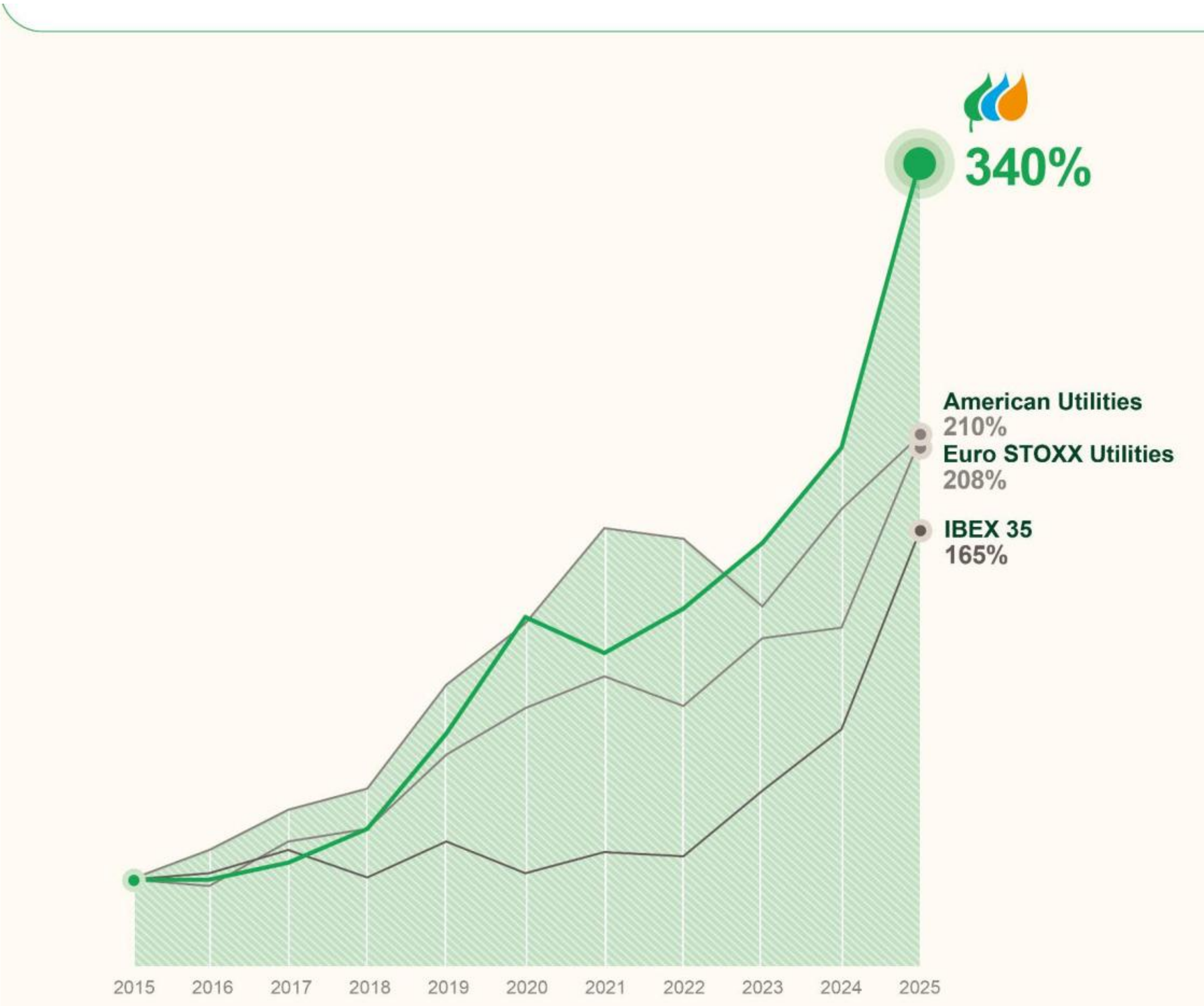
Among other things, this *Policy* has allowed Iberdrola to consolidate its international presence, operating in multiple markets as a global leader in the energy sector.

- Over the last 10 years, it has generated value of €115 billion as a result of having increased its capitalisation by close to €88 billion and distributed dividends of more than €27 billion.

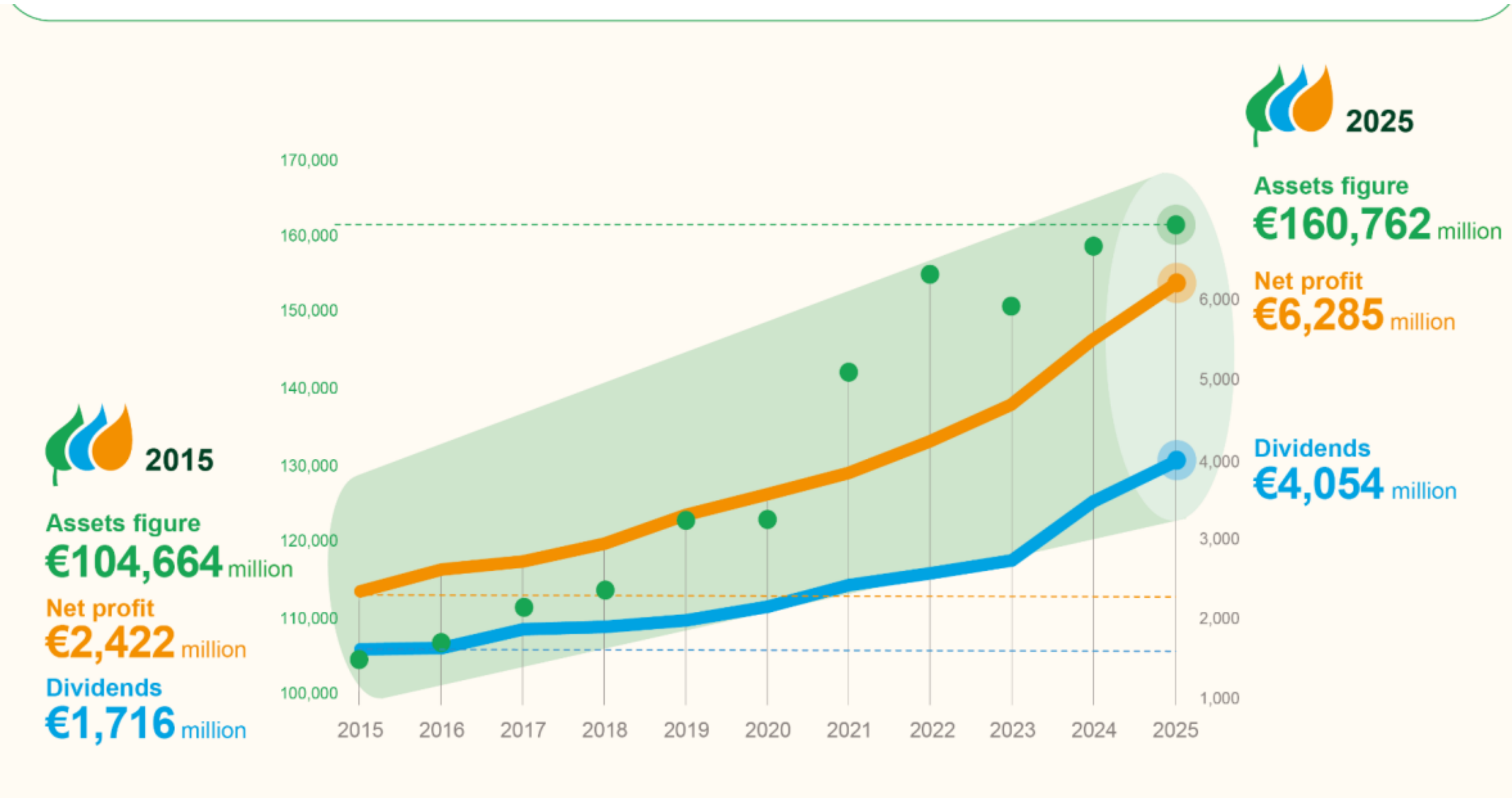


- In the last 10 years, Iberdrola has significantly outperformed in total shareholder return (including reinvestment of dividends) compared to:

- the average total return of the top three US utilities by market capitalisation (**American Utilities**),
- the total return of the European industry index (**Euro STOXX Utilities**),
- the total return of the Spanish market index (**IBEX 35**).



- In the last 10 years, Iberdrola has achieved consistent performance of assets, net profit and total dividends received by shareholders in line with the Company's long-term non-volatile (stable and sustainable) growth.



- In a context in which Iberdrola has again posted record-breaking results ("record after record") and reached all-time highs in total shareholder return, from 2026 onwards the Company will address the main challenges of the 2026-2028 Transformational Plan, including:
  - Ensuring the achievement of corporate objectives with the required pace.
  - Securing maximum alignment with the stakeholders and alignment or remuneration with shareholder performance ("pay for performance"), while integrating the "social dividend" in recognition of the broader interests of the stakeholders.
  - Strengthening the competitive advantage.
  - Retaining profiles with a high strategic impact on the creation of value, backed by repeated international recognition.

The Remuneration Committee remains firmly committed to aligning the remuneration of directors and officers with the performance of the various businesses in which Iberdrola operates and with the expectations of its shareholders and other stakeholders to ensure that remuneration practices link the contribution of professionals to the long-term strategic and sustainability goals of the Company.

2. Object of the report

Pursuant to the provisions of Article 5, section (a) of the Regulations of the Remuneration Committee, this Committee is responsible for proposing to the Board of Directors the *Remuneration Policy* to be submitted for the approval of the shareholders at the General Shareholders' Meeting.

The Remuneration Committee conducts extensive reviews of the Remuneration Policy to ensure that the principles, content and disclosures are in line with the expectations of its shareholders (retail and institutional), its proxy advisors, and the analyses of various channels, as well as with best market and corporate governance practices.

This review process takes into consideration the following issues, which derive from the action plan for continuous improvement developed by the Remuneration Committee:

- Information gathered annually through the Company's ongoing and transparent dialogue with its shareholders (retail and institutional) and proxy advisors on expectations regarding and possible modifications of the Policy.
- Proactive evaluation regarding whether the remuneration system encourages excessive or inappropriate risk-taking, in consultation with the Audit and Risk Supervision Committee.
- Results of the analysis of best remuneration practices at comparable and global companies carried out annually with the advice of an independent expert, highlighting the reinforcement of the approach on share price appreciation, as well as the benchmark analyses of total remuneration, with a particular focus on long-term variable remuneration aligned with the creation of value for shareholders.
- Results of best corporate governance practices, as well as acknowledgement of new developments in the area of transparency of the remuneration included in the annual director remuneration reports and follow-up on the General Shareholders' Meeting for the adoption of measures for improvement.
- Employee remuneration and how remuneration is aligned with Iberdrola's *Purpose and Values*.

Additionally, certain significant milestones reached since the last review of the *Policy* were taken into account, such as:

- Changes in the composition and positions of the Board of Directors and its committees, following the replacement of the chief executive officer.
- The results after the end of the 2023-2025 Strategic Bonus evaluation period. Although ambitious, the objectives disclosed to the markets in the Strategic Plan 2023-2025 were comfortably outperformed by results that again broke records ("record after record").
- The main future challenges of the 2026-2028 Transformational Plan disclosed to the markets on 24 September 2025 at the Capital Markets Day, which updates the Company's commitments and reinforces the investment strategy,

transforming Iberdrola's profile towards a more regulated company, with electricity networks as a major, predictable and profitable growth vector, maintaining financial strength and the growing dividend, creating long-term sustainable value, reaffirming the policy of shareholder remuneration in line with results (payout ratio) and increasing the "social dividend".

- Flexibility in the ability to attract, retain and motivate the most qualified professionals so that the Company can meet its strategic objectives within an increasingly competitive and globalised framework.

3. General lines of the new *Remuneration Policy*

The general lines of the new *Remuneration Policy* are similar to those of previous years, maintaining consistency regarding the following fundamental aspects:

1. Fully aligned with the creation of shareholder value

- Shareholding policy:

  The permanent shareholding commitment for directors in their capacity as such is expanded to an amount equivalent to at least 25% of the annual fixed remuneration (instead of 20%) per year in office, to be held for a cumulative period of five years (instead of four years).

  The permanent shareholding commitment is expanded for officers by setting the period during which they may not transfer ownership of the shares received at five years (instead of four years) unless an amount is retained that is equivalent to at least five times (500%) their fixed remuneration (instead of two times).

- Pay for performance: a portion of the total remuneration of the officers is variable and subject to the achievement of objectives linked to the business strategy and to the interests and long-term sustainability of the Company.

- Delivery of shares: long-term variable remuneration is implemented through deferred share delivery plans linked to the achievement of long-term objectives, which are subject to the *ex ante* approval of the shareholders at a General Shareholders' Meeting.

  These plans have a duration of six years (three for performance evaluation and three for payment) and are granted every three years rather than annually, which ensures that there is no overlap.

2. Long-term commitment to the Company's business enterprise

The *Policy* promotes a long-term sustainable remuneration system and maintains a reasonable balance between the various elements making up remuneration, reflecting an appropriate assumption of risk that contributes to attracting, retaining, motivating and developing the best talent, taking into account the following principles:

Principles	**Elements of the *Remuneration Policy*** Fixed remuneration	Short-term variable remuneration (annual bonus)	Long-term variable remuneration
Transparency	●	●	●
Equal opportunities	●	●	●
Alignment with the remuneration policy for the Company's professionals	●	●	●
Competitiveness for the creation of value	●	●	●
Neutrality in variable remuneration for the creation of value		●	●
Long-term commitment to the interests of the shareholders and to sustainability		●	●
Proportionality to risk measures in the remuneration systems		●	●

3. Proportionality with risk measures in remuneration systems

The *Policy* includes among its basic principles proportionality with risk measures in the remuneration systems, which establishes maximum limits to any variable remuneration and appropriate mechanisms for the Company to cancel (*malus* clause) or obtain the reimbursement (clawback clause) of the variable components of remuneration (both short and long term).

4. Flexibility and competitive advantage

The *Policy* ensures the flexibility required to attract, retain and motivate the most qualified professionals so that the Company can meet its strategic objectives within an increasingly competitive and globalised framework.

The *Policy* maintains the Company's competitive advantage by establishing a remuneration package that guarantees recruitment, retention and loyalty-building in contexts of economic volatility and geopolitical tensions, for profiles with a high strategic impact on the creation of value for the Company, backed by repeated international recognition. These profiles provide the Company with a differential in terms of the combination of experience, skills and abilities, talent, dedication, innovation and a devotion to leadership, and they have been backed by repeated international recognition over time.

The *Director and Officer Remuneration Policy* that the Committee proposes to the Board of Directors is attached to this Report.

ANNEX 2

DIRECTOR AND OFFICER REMUNERATION POLICY

1. Introduction. Changes from the previous *Policy*

The Board of Directors of Iberdrola, S.A. (the "**Board**" or the "**Board of Directors**") recognises that the strategic decision-making skills of the directors and officers and their unwavering commitment to the purpose and values of Iberdrola, S.A. ("**Iberdrola**" or the "**Company**") are fundamental factors in the sustained leadership of the Company year after year. The combination of experience, skills and abilities, talent, dedication, innovation and leadership commitment of the directors, officers and professionals of Iberdrola constitutes its competitive advantage, and it is from this perspective that the Remuneration Committee approaches the preparation of the new Director and Officer Remuneration Policy (the "***Policy***" or "***Remuneration Policy***"); a strategic tool to maintain leadership as Iberdrola's competitive advantage in the energy sector.

Iberdrola's *Remuneration Policy* is intended to recruit, retain, motivate and develop the best talent, incentivising the creation of value and the achievement of corporate objectives to ensure maximum alignment with stakeholders, in accordance with the provisions of policies of other comparable companies. However, what sets Iberdrola apart is the manner in which the *Policy* is put into practice, with notable consistency and continuity over the years , which has made it possible to provide clarity to its directors and officers regarding what is expected of them with respect to the achievement of the strategic goals and the principles to which they must adhere in order to reach them.

This *Policy*, among others, has enabled Iberdrola to consolidate its international presence, operating in multiple markets as a global leader in the energy sector that in the last 10 years has generated value of approximately €115 billion as a result of having increased its capitalisation by close to €88 billion and distributed dividends of over €27 billion. Total shareholder return has been significantly higher than the top three American utilities by capitalisation, the Euro STOXX 50, the Euro STOXX Utilities and the IBEX 35. All this ensures the long-term sustainability of the Company.

On 24 September 2025 at the Capital Markets Day, Iberdrola presented the 2026-2028 Transformational Plan, which updates the Company's commitments and reinforces the investment strategy, transforming Iberdrola's profile towards a more regulated company, with electricity networks as a major growth vector. This Plan defines the Company's roadmap to boost electrification during the 2025-2028 period.

The Remuneration Committee has conducted extensive reviews of the Remuneration Policy to ensure that the principles, content and disclosures are in line with the expectations of stakeholders.

This review process takes into consideration the following issues, which derive from the plan for continuous improvement developed by the Remuneration Committee:

- Information gathered annually through the Company's ongoing and transparent dialogue with its shareholders (retail and institutional) and proxy advisors on expectations regarding and possible modifications of the Policy.
- Proactive evaluation regarding whether the remuneration system encourages excessive or inappropriate risk-taking, in consultation with the Audit and Risk Supervision Committee.
- Results of the annual analysis of best remuneration practices at comparable companies and global companies with the advice of an independent expert.
- Results of best corporate governance practices, as well as acknowledgement of new developments in the area of transparency of the remuneration included in the annual director remuneration reports and follow-up on the General Shareholders' Meeting for the adoption of measures for improvement.
- Employee remuneration and how remuneration is aligned with Iberdrola's *Purpose and Values*.

The general lines of the new *Remuneration Policy* are similar to those of previous years, although certain significant milestones reached since the last review of the *Policy* were also taken into account, such as:

- changes in the composition and positions of the Board of Directors and its committees, following the replacement of the chief executive officer;
- the results after the end of the 2023-2025 Strategic Bonus evaluation period. Although ambitious, the objectives disclosed to the markets in the Strategic Plan 2023-2025 were comfortably outperformed by results that again broke records ("record after record");
- the main future challenges of the 2026-2028 Transformational Plan disclosed to the markets on 24 September 2025 at the Capital Markets Day, which updates the Company's commitments and reinforces the investment strategy, transforming Iberdrola's profile towards a more regulated company, with electricity networks as a major, predictable and profitable growth vector, maintaining financial strength and the growing dividend, creating long-term sustainable value, reaffirming the policy of shareholder remuneration in line with results (payout ratio) and increasing the "social dividend"; and
- flexibility in the ability to attract, retain and motivate the most qualified professionals so that the Company can meet its strategic objectives within an increasingly competitive and globalised framework;

The following changes have been included in the *Policy* as a strategic tool for the sustainable creation of value for all stakeholders:

For directors in their capacity as such:

- The permanent shareholding commitment (shareholding policy) for directors in their capacity as such is expanded to an amount equivalent to at least 25% of the annual fixed remuneration (instead of 20%) per year in office, to be held for a cumulative period of five years (instead of four years).
- The maximum aggregate amount of annual remuneration to be paid to all directors in their capacity as such, which was unchanged since 2008, is set at

€12,000,000 during each financial year that this Policy is in force, although the amounts of annual fixed remuneration per position and the attendance fees per meeting remain unchanged for 2026.

For officers:

- The permanent shareholding commitment (shareholding policy) is expanded for officers by setting the period during which they may not transfer ownership of the shares received at five years (instead of four years) unless an amount is retained that is equivalent to at least five times (500%) their fixed remuneration (instead of two times).
- With regard to cancellation (*malus*) or clawback clauses for amounts already paid as short- and long-term variable remuneration, it is clarified that the triggering circumstances include misconduct, defined as inappropriate or unethical behaviour that may cause damage to the Company's reputation, declared within the next three financial years, by means of a final court judgment.
- To boost and incentivise the pace at which strategic objectives are achieved (pay for performance), aligning the interests of officers with those of shareholders and considering the existing competitive advantage, it is necessary to motivate and retain profiles with a high strategic impact on the sustainable creation of value in contexts of economic volatility and geopolitical tensions.

  These profiles provide the Company with a differential in terms of the combination of leadership, experience, skills and abilities, talent, dedication and innovation, and they have been backed by repeated international recognition over time.

  In view of the foregoing, a long-term incentive via the delivery of shares linked to the 2026-2028 Outlook presented at Capital Markets Day on 24 September 2025 ("2026-2028 *Transformational LTIP*"), which will make it possible to maintain the Company's competitive advantage, is submitted for approval by the shareholders at the General Shareholders' Meeting.

2. Object and scope of application

At its meeting held on 17 March 2026, Iberdrola's Board of Directors, upon a proposal of the Remuneration Committee, resolved to submit this *Director and Officer Remuneration Policy* for the approval of the shareholders at the General Shareholders' Meeting 2026 as a separate item on the agenda, in compliance with the provisions of Section 529 *novodecies* of the Companies Act.

The purpose of this *Policy* is to establish the framework governing the remuneration of directors in their capacity as such and of officers, whether or not directors, as well as senior management ("**officers**"), reaffirming the policy of shareholder remuneration in line with results. The *Policy* is intended to promote appropriate remuneration principles and practices in order to contribute to the achievement of the Company's long-term strategic and sustainability goals, as well as to define the procedure for determining the revision and implementation thereof.

The Board of Directors has found that proper strategic decision-making and a clear commitment to the corporate values are two of the main factors determining the performance of companies, particularly in the energy sector. Companies may choose similar businesses, markets and technologies, yet they perform differently. Therefore, experience, skills and abilities, talent, effort, innovation, leadership and the ability to achieve the commitment to Iberdrola's purpose and values are the main differentiating elements.

The *Purpose and Values of the Iberdrola Group* define the Company as a driver of an electric, healthy and accessible energy model that is fully aligned with financial and sustainability objectives and consistent with the highest transparency and good governance, human and social capital, natural capital and compliance standards and requirements, and taking into account the sustainable value chain within the general framework of respect for and protection of human rights, the social market economy and generally accepted ethical principles.

Therefore, the ultimate purpose of this Policy, like that of the remuneration programmes for professionals of the Iberdrola group, is to make a decisive contribution to recruiting, retaining, motivating and developing the best talent, on fair and competitive terms, which is the best way to contribute to the business strategy and to the long-term interests and sustainability of the Company and of the Iberdrola group, as well as of its stakeholders, including the shareholders.

If approved by the shareholders at the General Shareholders' Meeting, this *Director and Officer Remuneration Policy* shall apply as from its approval for financial year 2026 and during financial years 2027, 2028 and 2029.

3. Directors in their capacity as such

3.1. Principles of the *Policy* and remuneration practices

The governing **principles** are the following:

Transparency

The Remuneration Committee assumes a commitment to enforce the principle of transparency of all the items of remuneration received by all directors, providing complete, relevant and adequate information in line with the good governance recommendations generally recognised in international markets in the area of director remuneration.

Equal opportunities

The Remuneration Committee endeavours to ensure equal opportunity, guaranteeing equal pay for equal work at all times, and making use of multiculturalism, skills and abilities, knowledge and experience.

Competitiveness for the creation of value

Adequately reward the dedication and responsibility assumed by directors to maximise the creation of value and commitment to the Company's *Purpose and Values*.

Ensure that the structure and total amount of remuneration allows for maximisation of shareholder return, the "social dividend" and the achievement of the long-term sustainability of the Company.

Comply with best practices by being competitive with comparable global companies in terms of capitalisation, turnover, complexity (including risk management and internal control), sustainable ambition, ownership structure and international presence within the framework of its commitment to all stakeholders.

To ensure the effectiveness of the *Remuneration Policy* through a cross-cutting approach, the Remuneration Committee applies the principles described above via the following **remuneration practices**:

Active and responsive listening

The Remuneration Committee takes into consideration the information received from the shareholders (retail and institutional) and from proxy advisors, as well as the analysis of their main expectations and of the various channels.

Consider skills and abilities on other committees

In the performance of its duties, the Remuneration Committee works proactively and in consultation with other committees, particularly the Audit and Risk Supervision Committee, the Sustainable Development Committee and the Appointments Committee.

Shareholding policy

A permanent shareholding policy is established for directors in their capacity as such, of at least an amount equivalent to 25% of the annual fixed remuneration per year in office, to be held for a cumulative period of five years.

No guaranteed remuneration

There are no contracts with guaranteed remuneration (salary increases or variable remuneration).

No loans or advances

No loans or advances are given to directors.

3.2. Structure of remuneration

The remuneration to which directors are entitled in their capacity as such is structured in accordance with the following sections within the framework of legal and by-law provisions:

- **Maximum aggregate amount**

The maximum aggregate amount of annual remuneration to be paid to all directors in their capacity as such is €12,000,000 during each financial year that this *Policy* is in force. This aggregate maximum amount remained unchanged from 2008 and includes:

1. Fixed remuneration and attendance fees.
2. Employee benefits.
3. Commitment not to compete.

- **Fixed remuneration and attendance fees**

Over the last 10 years, Iberdrola has generated value of €115 billion as a result of having increased its capitalisation by close to €88 billion and distributed dividends of more than €27 billion. Total shareholder return (TSR) has been significantly higher than the top three American utilities by capitalisation, the Euro STOXX 50, the Euro STOXX Utilities and the IBEX 35.

The level of dedication and responsibility assumed by the members of the Board of Directors has increased considerably in recent years, mainly due to increased regulatory requirements and the complexity of the topics discussed at meetings of the Board and its committees, which has required more preparation time for each meeting.

In order to ensure its adjustment to the increase in responsibilities and workload, as well as to the size, internationalisation and complexity of the Company and to be competitive for the creation of value, recruitment and retention of qualified members with significant international experience, the Remuneration Committee, with the advice of an independent external party, performs an annual comparative benchmark analysis of the total remuneration of the directors for their membership on the Board of Directors and the committees thereof, according to the position held in each case, concluding that for 2026 the amounts remain unchanged as follows:

(Thousands of euros)	Annual fixed remuneration
Chairman of the Board of Directors	600
Vice-Chair of the Board of Directors	480
Committee chair	440
Member of the Board of Directors (*)	200
Per member of each committee	100

(*) Not cumulative with previous positions

(Thousands of euros)	Attendance fees per meeting (**)
Chairman of the Board of Directors	6
Vice-Chair of the Board of Directors	4
Committee chair at the chair's committee	6
Members of the Board of Directors and of the committees thereof	4

(**) The Regulations of the Board of Directors provide that the Board of Directors must meet at least 8 times per year and the Executive Committee meets on average 12 times per year. The regulations of each of the committees provide for a maximum of seven meetings per year, except for the Audit and Risk Supervision Committee.

The Board of Directors is responsible for determining the annual fixed remuneration of the directors in their capacity as such, within the aggregate maximum amount, taking into account the positions held by each director on the Board of Directors and the membership thereof on delegated or consultative bodies of the Board of Directors, as well as their dedication to the Company.

The fixed remuneration for membership on the Board of Directors and the committees thereof and the holding of positions on such bodies is compatible with and independent from the remuneration to which the officers that are directors are entitled for the performance of their executive duties as provided in Section 4 of the *Policy*.

- **Benefits**

The remuneration system has civil liability policies for directors, risk benefits, health insurance and limited electricity allowances through rate concessions.

- **Shareholding policy**

A permanent shareholding policy is established for directors in their capacity as such, of at least an amount equivalent to 25% of the annual fixed remuneration per year in office, to be held for a cumulative period of five years.

This commitment reflects the directors' confidence in the business strategy and aligns the interests of the directors with those of the shareholders, demonstrating their long-term commitment and encouraging the creation of value in the Company.

- **Commitment not to compete**

A director who ends the term of office to which the director was appointed or who, for any other reason, ceases to act as such, may not be a director or officer of, or provide services to, any entity whose object is similar, in whole or in part, to that of the Company or which is a competitor of the Company, for a term of two years. The Board of Directors may, if it deems it appropriate, relieve the outgoing director from this obligation or shorten the period thereof.

In the case of cessation of office of a non-executive director who is not a proprietary director (that is not due to a breach of director duties attributable to the director) prior to the end of the period for which they were appointed, the Board of Directors may ultimately resolve to provide compensation for an agreement not to compete.

The above circumstance must be justified and explained in the *Annual Report on Remuneration of Directors and Officers*.

4. Officers, whether or not directors

4.1. Principles of the Policy and remuneration practices

The following **principles** governing the officers, whether or not directors, encourage, among other things, flexibility in the ability to attract, retain and motivate the most qualified professionals so that the Company can meet its strategic objectives within an increasingly competitive and globalised framework.

Neutrality in variable remuneration for the creation of value

The Remuneration Committee shall endeavour to ensure the effective creation of value of any variable remuneration, well beyond just the general performance of the markets, the sector of activity in which the Company operates or similar circumstances.

Commitment to shareholder interests and long-term sustainability

Strengthen and encourage the achievement of the Company's strategic objectives through the incorporation of annual variable remuneration and long-term incentives, in order to align the interests of the officers, whether or not directors, with those of the shareholders, while maintaining competitive advantage, fostering a recruitment, retention, loyalty-building and motivational effect.

Proportionality with risk measures in remuneration systems

Set maximum limits to any variable remuneration as well as suitable mechanisms in order for the Company to be able to cancel (*malus* clause) or obtain reimbursement (clawback clause) of the variable components of remuneration.

The Company's Board of Directors may cancel or reclaim variable components of remuneration in the event of a material restatement of the financial statements not reflecting a change in accounting standards, as well as situations of fraud or serious breach of law declared by final court judgment, as well as misconduct, defined as inappropriate or unethical behaviour that may cause damage to the Company's reputation, declared in the following three financial years by means of a final court judgment.

Alignment with the Company's professional remuneration policy

The Remuneration Committee regularly monitors the Company's remuneration practices, ensuring an appropriate and equitable pay structure at all levels.

These efforts, among others, have fostered strong professional commitment, the lowest voluntary attrition rates in the industry and a workforce characterised by a high sense of belonging and loyalty.

To ensure the effectiveness of the *Remuneration Policy* through a cross-cutting approach, the Remuneration Committee applies the principles described above via the following **remuneration practices**:

Deferred payment of long-term variable remuneration

The delivery of shares under the long-term variable remuneration system is paid on a deferred basis. In the case of the Company's performance-linked long-term incentive plan, payment is by thirds over a three-year period, with no overlapping of plans.

Shareholding policy

Ownership of the shares received may not be transferred for a period of five years unless an amount equivalent to at least five times (500%) the fixed remuneration is maintained.

No share delivery plans with capital increases

Share delivery plans are not implemented by means of capital increases or similar instruments.

No hedging

Hedging of the Company's share-based remuneration plans is not authorised.

Hedging, pledging or short-selling of or derivatives contracts on shares received in variable remuneration schemes is not permitted.

Competitive advantage

Maintain the Company's competitive advantage by establishing a remuneration package that guarantees recruitment, retention and loyalty-building in contexts of economic volatility and geopolitical tensions, for profiles with a high strategic impact on the sustainable creation of value for the Company.

These profiles provide the Company with a differential in terms of the combination of experience, skills and abilities, talent, dedication, innovation and a devotion to leadership, and they have been backed by repeated international recognition over time.

4.2. Structure of remuneration

The principles of the *Policy* are implemented through an appropriate remuneration mix that includes:

1. Fixed remuneration.
2. Short-term variable remuneration (annual bonus).
3. Long-term variable remuneration: share delivery plan.
4. Employee benefits.

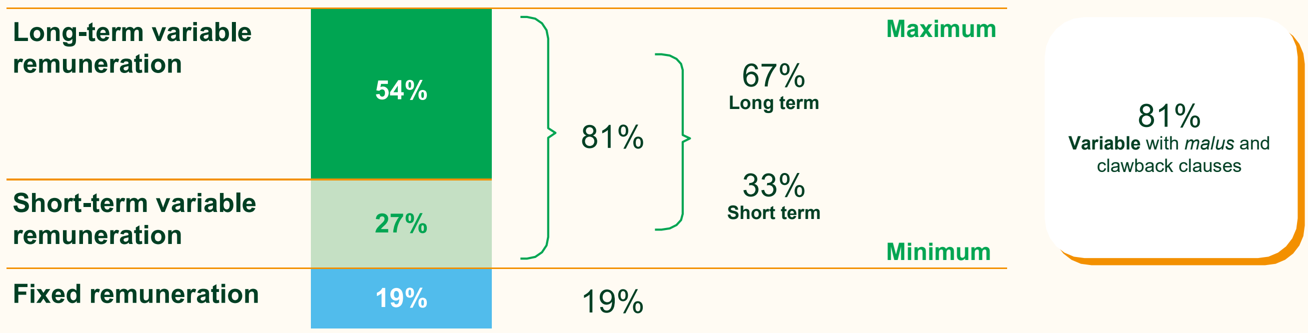
In determining the proportion of each element of total remuneration (remuneration mix), the Remuneration Committee continuously monitors market practices and trends.

	Elements of the *Remuneration Policy*		
Principles of the *Remuneration Policy*	**Fixed remuneration**	**Short-term variable remuneration (annual bonus)**	**Long-term variable remuneration**
Transparency	●	●	●
Equal opportunities	●	●	●
Alignment with the remuneration policy for the Company's professionals	●	●	●
Competitiveness for the creation of value	●	●	●
Neutrality in variable remuneration for the creation of value		●	●
Long-term commitment to the interests of the shareholders and to sustainability		●	●
Proportionality to risk measures in the remuneration systems		●	●

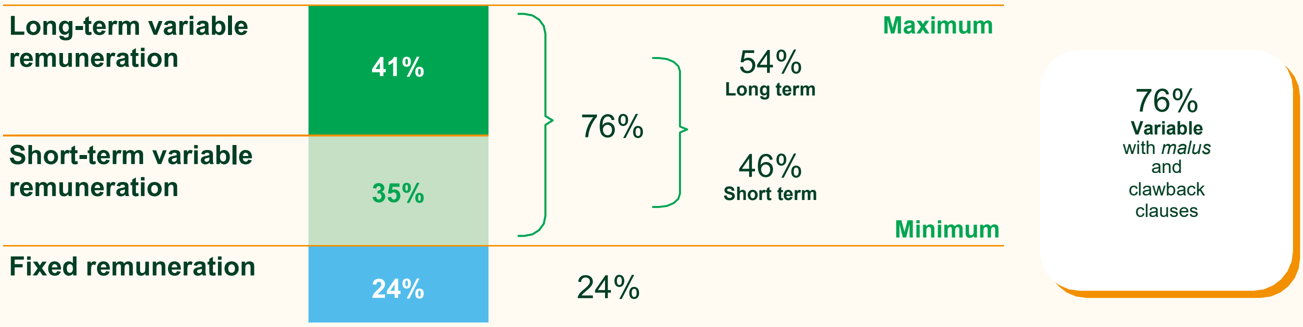
The specific weights of each element of the remuneration mix for each financial year shall be identified
in the corresponding *Annual Report on Remuneration of Directors and Officers*.

The potential remuneration mix is shown below, taking into account the different target achievement scenarios:

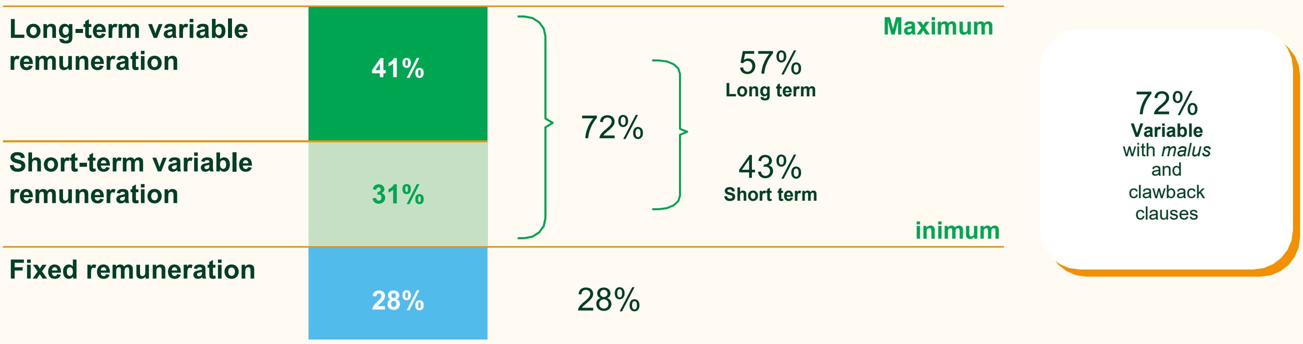
Executive chairman



Chief Executive Officer



Other officers



(*) The share price at the award date is taken into account for long-term variable remuneration.

(**) Other officers: do not participate in annual variable remuneration systems and are not beneficiaries of the long-term incentive for officers assigned to divisions or areas that report hierarchically to the chairman of the Board of Directors of Iberdrola, S.A. and functionally to the Audit and Risk Supervision Committee or divisions or areas linked to the Sustainable Development Committee, including the Internal Audit and Risk and Compliance Committees, in order to ensure the necessary autonomy and independence of these functions, which are part of the second and third lines of defence and reinforce the effectiveness of the Company's internal control system.

- **Fixed remuneration**

Remuneration of officers, whether or not directors, may vary according to the specific responsibilities and characteristics of the duties performed. The fixed remuneration of the executive chairman and of the chief executive officer are reviewed annually by the Board of Directors, upon a proposal of the Remuneration Committee, considering, in particular and without limitation, the following factors: the financial situation of the Company, market standards, merit and worth, retention risks, and general salary updates within the Iberdrola group. For these purposes, the Remuneration Committee may rely on external advisors to perform the market studies and analyses that it deems appropriate.

In 2026, the annual fixed remuneration for the executive chairman is €2,250,000 (which has remained unchanged since 2008) and for the chief executive officer it is €1,000,000 (which has remained unchanged since 2022). The Board of Directors, at the proposal of and following a reasoned report from the Remuneration Committee, has the ability to revise the fixed remuneration during the term of this *Policy*.

- **Short-term variable remuneration (annual bonus)**

Purpose

A portion of the annual remuneration of the officers is variable, in order to incentivise the achievement of the Company's annual objectives and those specific to the position, aligning dedication and efforts with the business strategy. These objectives are established through metrics whose level of achievement determines the performance of the officers and are evaluated by an independent external third party.

Metrics

Linked to the achievement of predetermined, specific, measurable, challenging and clear quantitative and qualitative strategic objectives, aligned with the *Purpose and Values*, the achievement of the business strategy and the long-term interests and sustainability of the Company.

The pool of targets is related to parameters that allow for growth, predictability, profitability and security, such as:

Financial:

- Net profit, gross operating income (EBITDA), etc.
- Investments with a focus on countries with an "A" rating.
- Shareholder remuneration.
- Financial strength.
- Capital allocation with rotation of assets and partnerships.
- Efficiency level of the group.

Operational:

- Selection and implementation of investments.
- Installed capacity.
- Network assets.
- Regulatory aspects.

Sustainability:

- Governance, ethics and transparency.
- Electrification.
- Sustainable finance.
- Equal opportunities and occupational health and safety.

- Customers (quality of supply, access to network points).

Each metric has a related achievement scale where a minimum threshold and an upper limit are set. If the minimum compliance level is not reached, no short-term variable remuneration will accrue and if a compliance level above the maximum limit is reached, no annual variable remuneration will accrue with an achievement percentage above 100%, without generating additional payments for over-compliance levels.
For each of the metrics, any intermediate results will be calculated by linear interpolation.

The specific weights and parameters for each financial year to which the short-term variable remuneration will be linked are published in the corresponding *Annual Report on Remuneration of Officers and Directors*.

Maximum amount

The maximum limit of the annual variable remuneration is set at 150% of the fixed remuneration, which will be reached in the event of 100% achievement. The Board of Directors has resolved to maintain the maximum limit of annual variable remuneration for the executive chairman at 144% (unchanged in the last 10 years) and for the chief executive officer at 150% (unchanged since 2022).

The maximum limit on short-term variable remuneration, as well as the level of achievement reached, shall be reported annually in the corresponding *Annual Report on Remuneration of Directors and Officers*.

Operation

The Remuneration Committee, in consultation with the Audit and Risk Supervision Committee and the Sustainable Development Committee, shall evaluate the performance of the executive chairman and the chief executive officer, for which purposes it may rely on the advice of an independent expert, and it shall submit a reasoned proposal to the Board of Directors for approval thereof.

The Board of Directors, on the basis of the proposal made by the Remuneration Committee, taking into account, among other factors, exceptional circumstances (including significant corporate transactions) occurring during the year, shall have a margin of discretion in assessing compliance with the indicators that may give rise to both upward and downward adjustments. Any use of this discretionality must be justified and explained in the *Annual Report on Remuneration of Directors and Officers*.

The payment of the annual variable remuneration of the executive chairman and chief executive officer is made entirely in cash after the annual financial statements have been formulated by the Board of Directors and subsequently audited.

In accordance with the proposal, if any, made by the Remuneration Committee, the Board of Directors may approve the cancellation of outstanding payments (*malus* clauses) and the reimbursement of amounts paid (clawback clauses). The cases that trigger *malus* and clawback clauses, as well as the applicable internal procedures, are described in section 4 of the *Policy*.

- **Long-term variable remuneration: share delivery plan linked to the achievement of the Company's strategic objectives**

Purpose

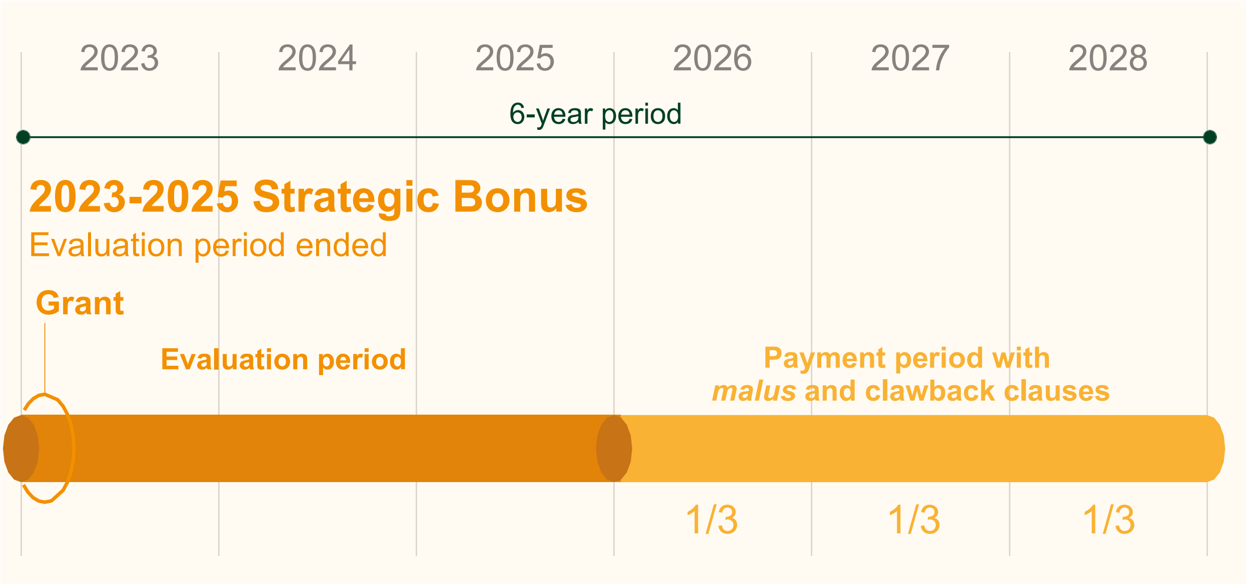
Encourage commitment to Iberdrola's business enterprise over the long term, linking remuneration to the sustainable achievement of the strategic objectives of the Company, the maximisation of the "social dividend" and shareholder return (pay for performance).

Maintain the Company's competitive advantage linked to its human capital, by retaining and building loyalty with profiles with a high strategic impact on the sustainable creation of value, in contexts of economic volatility and geopolitical tensions.

This is implemented through share delivery plans linked to the achievement of long-term objectives, which are submitted for the *ex ante* approval of the shareholders at a General Shareholders' Meeting, also setting the objective and quantifiable parameters determining the accrual thereof as well as their relative weighting.

These plans have a typical duration of six years (three for performance evaluation and three for payment) and are granted every three years rather than annually, which ensures that there is no overlap.

As at the date of this *Policy*, the 2023-2025 Strategic Bonus approved by the shareholders at the General Shareholders' Meeting held on 28 April 2023 and for which the period for evaluating the level of achievement ended on 31 December 2025, with a 100% objective achievement level, is in the three-year payment period (with one of the three deliveries scheduled between financial years 2026 and 2028 having been made).



Additionally submitted for the approval of the shareholders at the General Shareholders' Meeting to which this *Policy* is also submitted is a new performance-based share delivery plan, in this case linked to the 2026-2028 Outlook presented at Capital Markets Day on 24 September 2025 (the 2026-2028 *Transformational LTIP*), which will also have a duration of six years, with the period between financial years 2026 and 2028 being the period for evaluation of the performance level and the period between financial years 2029 and 2031 being its payment period, which will entail the deferred delivery of shares over those three years.

Metrics

These share delivery plans are linked to the achievement of strategic, quantitative and qualitative, predetermined, specific, quantifiable, challenging and clear objectives (each parameter is assigned a specific weighting as well as a minimum level above which it is considered to be achieved and another level above which it is considered fully achieved), a description of which shall be provided in the *Annual Report on Remuneration of Officers and Directors.*

These metrics are aligned with the achievement of the business strategy and the long-term interests and sustainability of the Company.

Maximum amount

The maximum number of shares that may be allocated under the performance-based share delivery plan linked to the achievement of the Company's strategic objectives is submitted for the approval of the shareholders at the General Shareholders' Meeting, describing those corresponding to officers who are directors.

2023-2025 Strategic Bonus

The 2023-2025 Strategic Bonus was approved by the shareholders at the

General Shareholders' Meeting held on 28 April 2023 and contemplates a maximum number of 14,000,000 shares, linked to the achievement of the objectives disclosed to the markets within the framework of the Strategic Plan 2023-2025, which, although ambitious, were comfortably outperformed by results that again broke records ("record after record") thanks to a cohesive management team, led by the Company's executive chairman.

In the exercise of the powers granted by the shareholders at the aforementioned General Meeting and without exceeding the maximum number of authorised shares or changing the essential terms and conditions of the approved remuneration system, the Board of Directors has resolved to adjust the individual allocation to a limited number of beneficiaries, whose skills and abilities have been key to the achievement of the excellent results and in order to strengthen the retention of key profiles for the creation of long-term value, with such adjustment amounting to the maximum of two times annual remuneration out of the three comprising the 2023-2025 Strategic Bonus, all within the overall share limit approved by the shareholders at the General Meeting.

Such beneficiaries are officers of the Group, including executive directors where applicable, and the allocation for the latter may reach a maximum of 1.5 million shares.

2026-2028 *Transformational LTIP*

During the financial year, Iberdrola has integrated AVANGRID, Inc., Neoenergia, S.A. and Electricity North West Limited, which had their own long-term variable remuneration plans (LTIPs) in the 2023-2025 period.

Therefore, they will be integrated into the Group's remuneration plans and policies for the 2026-2028 period. To implement this, the maximum number of shares that will be submitted for the approval of the shareholders at the General Shareholders' Meeting will be 20,000,000 shares, compared to the 14,000,000 shares for the previous plan in the 2023-2025 period.

The maximum number of overall shares for the executive chairman and for the chief executive officer at any time is up to 25% of the maximum number of shares.

Operation

In general, the performance-based share delivery plans linked to the achievement of the Company's strategic objectives have a duration of six years, of which the initial three-year period is the period for evaluating the performance level compared to the parameters to which the plan is linked, and the one comprising the next three financial years is its payment period, which occurs through the delivery of shares. These plans are awarded every three years rather than annually, which ensures that there is no overlap between them. Therefore, the delivery of shares under this plan linked to the achievement of strategic objectives is deferred for three years.

The payment of these plans takes places through the delivery of shares purchased in the market, and not through the issue of new shares.

The Board of Directors, upon a proposal of the Remuneration Committee, which may be assisted by an independent expert, must evaluate the Company's performance regarding the goals described for each plan and determine the level of achievement thereof.

Circumstances occurring after the approval of each of the plans that have a significant positive or negative impact on the Company's key economic variables (including significant corporate transactions) may be taken into account for the proper overall assessment of performance.

The level of achievement reached shall be reported in the corresponding *Annual Report on Remuneration of Directors and Officer*.

After the end of the evaluation period of each performance-based share delivery plan, the plan will vest annually and equally in the following three financial years. Each annual accrual and the corresponding payment thereof must be approved by the Board of Directors, after a report from the Remuneration Committee.

In this connection, during each of the three years of the accrual and payment period and for each delivery of shares, it is expected that there will be an evaluation whether to confirm or totally or partially cancel the corresponding payment and, if applicable, to claim the total or partial reimbursement of the shares already delivered (or the amount thereof in cash).

- **Benefits**

The officers, whether or not directors, may be insured under a long-term savings scheme, implemented through an insurance policy that provides coverage for the supplementary social security contributions regime. This is a defined contribution plan applicable for retirement, death and disability, meaning that the officers will have the financial rights acquired on retirement, and the grounds for any early termination of the contractual relationship will determine the rights thereof.

Since 2011, for new contracts signed with officers, retirement pay has been up to two times annual remuneration.

Currently, the executive chairman is not a participant in any long-term savings system, and the chief executive officer is insured under the group life insurance policy, with a commitment made in 2010 when he was Chief Development Officer of Iberdrola, S.A., which has not been modified by his appointment as chief executive officer.

The remuneration system for the officers, like that for the professionals of Iberdrola, has civil liability policies for the holding of the position, life and accident insurance, health insurance, limited electricity allowances through rate concessions and other benefits in line with market practice followed by comparable global companies.

- ***Malus* and clawback clauses**

The Board of Directors, with due regard to any proposal made by the Remuneration Committee, has the power to totally or partially cancel the payment of both short-term and long-term variable remuneration, as well as to demand the partial or total return of short-term and long-term remuneration already paid.

These circumstances include the case of a material restatement during the next three financial years of the financial statements on which the Board of Directors based the evaluation of the performance level, provided that said restatement is confirmed by the external auditors and is not due to a change in accounting standards, situations of fraud or serious breach of law declared by final court judgement, as well as misconduct, defined as inappropriate or unethical behaviour that may cause damage to the company's reputation, declared within the next three financial years, by means of a final court judgment.

The procedure for the application and determination of the amounts or shares subject to cancellation or reimbursement establishes a period of thirty (30) days for reimbursement to the Company. This period also includes a hearing.

- **Shareholding policy**

The officers may not transfer ownership of shares received for a period of four years unless they hold an amount equal to at least five times (500%) their fixed remuneration.

- **Remuneration for holding the position of director at other companies**

Officers who hold the position of director at companies in which the Company has a direct or indirect interest may receive remuneration corresponding to the position subject to the approval of the board of directors of said companies, in accordance with their corporate governance rules and the legal requirements of each country, on the same terms as the other external directors.

- **Appointment of new officers who are directors**

The remuneration of new officers who are directors shall conform to the provisions of the *Remuneration Policy*. The fixed remuneration shall be set on the date of their appointment, particularly taking into account their level of remuneration prior to their promotion or hiring, market terms and terms applicable to comparable positions, their experience and qualification level, and the duties assigned and responsibilities assumed.

New officers who are directors shall participate in annual and long-term incentives based on the same principles as those applicable to directors holding the position at the time of their appointment.

If a new director with executive duties joins the Company, the Company may offer incentives, in cash or shares, to compensate for variable remuneration or contractual rights forfeited upon leaving their office.

5. Contract terms and conditions

The terms and conditions of contracts for the officers, whether or not directors, are as follows:

Duration

The contracts of the Company's officers are of indefinite duration.

Applicable legal provisions

The contracts with the officers of the Company are governed by the legal provisions applicable to senior officer special employment relationship agreements or by such special terms and conditions of the common employment system (*régimen laboral común*) as are determined by the Company or as legally apply from time to time.

The legal provisions applicable to the contracts of the executive chairman and chief executive officer are those provided for by the legal system in each case, based on commercial law.

Compliance with the Governance and Sustainability System

All of the officers of the Company have the duty to strictly observe the rules and provisions contained in the Company's Governance and Sustainability System to the extent applicable thereto.

Non-compete clause

The contracts with the officers in all cases establish a duty not to compete with respect to companies and activities that are similar in nature to those of the Company and of the other companies of the Group, during the term of their relationship with the Company and for a period of not less than one year following termination thereof, and also provide for consideration for each year of duration of such agreement not to compete.

The contractual relationship with the executive chairman establishes a duty not to compete with respect to companies and activities that are similar in nature to those of the Company during the term of his relationship with the Company and for a period of three years after the termination of the contract. In compensation for this commitment, he is entitled to a severance payment equal to two times annual remuneration.

In the case of the chief executive officer, during the term of the contract and for one year after the termination thereof. In compensation for this post-contractual commitment not to compete, he is entitled to compensation equal to one times annual his annual fixed remuneration, which is in any case included in the severance payment for termination of contract, if one exists.

Confidentiality and return of documents

A rigorous duty of confidentiality is established, which must be assumed by the officer and complied with both during the term of the contract and once the relationship has terminated, with the Company reserving the right to bring such legal actions as may be appropriate to defend its interests. In addition, the officer must return to the Company any documents and items relating to the officer's activity that are in the possession thereof upon termination of the relationship with the Company, in accordance with such terms and conditions as are set forth by the Company.

Severance pay

The contracts of the officers contemplate financial compensation in the event of termination of the contractual relationship with the Company, provided that such termination does not occur exclusively due to the professional's decision to withdraw or as a result of a breach of the duties thereof. The amount of the severance payment is established in accordance with length of service and the reasons for the professional's cessation of office, up to a maximum of five times annual salary.

Since 2011, for new contracts signed with officers, the limit on the amount of severance pay is two years' salary, and as at 31 December 2025 there are a total of two contracts with a severance pay limit higher than two years' salary, which means that from 2001 to 31 December 2023, the number of officers with a severance pay limit higher than two years' salary has been almost eliminated.

When the current executive chairman joined the Company in 2001, the Company included clauses in the contracts with its key officers providing for severance pay of up to five times annual salary in order to achieve an effective and sufficient level of loyalty. Although the treatment in effect for such officers was applied to him at that time, he would currently be entitled to two times annual remuneration as severance pay for instances in which a severance payment was required for termination of contract.

The chief executive officer is entitled to receive severance pay equivalent to two times annual remuneration in the event of termination of his relationship with the Company, provided that said termination is not due to a breach attributable to the beneficiary or solely due to a voluntary decision thereof. This severance payment for termination of contract includes compensation for the commitment not to compete.

Application of *malus* and clawback clauses

Provided for in contracts with officers of the Company, for both short-term variable remuneration and long-term variable remuneration.

6. Alignment with business strategy, interests and long-term sustainability

The following features of the *Policy* ensure consistency with long-term strategy, interests and sustainability focused on the achievement of long-term results:

- Remuneration of the officers, whether or not directors, is mainly comprised of: (i) fixed remuneration (ii) short-term variable remuneration (annual bonus) and (iii) long-term variable remuneration.

- In considering the Company's competitive advantage, the remuneration mix and total remuneration are designed in such a way as to recruit and retain the best talent and align their conduct with the interests of the Iberdrola group and the achievement of its business strategy, promoting long-term sustainability, in accordance with best practices.
- An appropriate balance between fixed and variable components of remuneration is established: officers have a variable remuneration system with risk measures ensuring that no variable remuneration is paid if they do not meet the minimum achievement threshold.
- The weight of variable remuneration, both short and long term, for the 2026 annual payment, in a scenario of maximum target achievement, is 81% for the executive chairman and 76% for the chief executive officer. The above pay-for-performance percentages are remuneration connected to the achievement of objectives.
- The share delivery plans linked to achieving strategic objectives are designed as multi-year plans with deferred delivery of shares that seek to encourage commitment to the long-term strategic objectives, aligning part of the remuneration with the creation of value and shareholder return and the maximisation of its "social dividend".
- The officers may not transfer ownership of shares received for a period of five years unless they hold an amount equal to at least twice their annual fixed remuneration (shareholding policy).
- Both short- and long-term variable remuneration is subject to the application of clauses for the cancellation (*malus*) or reimbursement (clawback) of variable remuneration.

In addition, the following measures allow for a reduction in exposure to excessive risks and strengthen alignment with the long-term objectives, values and interests of the Company:

- Iberdrola's Remuneration Committee is currently composed of three members, 67% of whom are independent directors (two members) and 33% are external directors (one member).
- The Remuneration Committee is responsible for proposing, reviewing, analysing and implementing the *Director and Officer Remuneration Policy*.
- The Company's Audit and Risk Supervision Committee participates in the process of evaluating whether the remuneration system encourages excessive or inappropriate risk-taking. This evaluation takes into account the nature of Iberdrola's risks in the design of variable remuneration plans.
- The Sustainable Development Committee participates in the process of assessing the appropriate translation of the Company's sustainable development strategy into the remuneration system. This evaluation takes into account Iberdrola's commitment to sustainable development in the design of variable remuneration plans.
- There is no guaranteed variable remuneration with risk measures whereby no variable remuneration is paid if the minimum threshold of achievement is not reached, always subject to the authorised maximum limits.

7. Consideration of the terms and conditions of remuneration and employment of the Company's professionals

People fundamentally determine the differential advantage between competitive companies and those that are not, as well as between those that sustainably create value and those that gradually lose their ability to generate wealth.

The Remuneration Committee regularly reviews the general remuneration programmes for the group's professionals, assessing the suitability and results thereof, and it takes them into account when determining the *Director and Officer Remuneration Policy.*

The Remuneration Committee considers it a priority for the remuneration system to promote the strengthening of its human capital, as the main competitive advantage with respect to its competitors.

The principles of conduct informing the remuneration systems are:

- Favour the recruitment, hiring and retention of the best professionals.
- In establishing working conditions, promote the principle of equal pay for equal work, ensuring adequate and competitive salaries and offering, when applicable, a range of company benefits, aligned with the various socio-employment realities.
- Maintain consistency between its strategic positioning and that of the Group, and with its objective of excellence, as well as with the international and multicultural reality of the Group.
- Recognise and reward the dedication, responsibility and performance of its professionals by using neutral and objective criteria related to merit, skill and results obtained by those professionals.
- Promote the appropriate integration of professionals into their working group by establishing remuneration conditions according to the responsibilities and other requirements of the position.
- Be and stay at the forefront of the market.

8. Temporary exceptions

In accordance with the provisions of Section 529 *novodecies*.6 of the Companies Act, after a favourable report from the Remuneration Committee, which will rely on reports from independent third parties, temporary adjustments may be applied to the variable components of the remuneration (both short- and long-term) of officers.

These upward and downward adjustments will be explained in the *Annual Report on Remuneration of Directors and Officers.*

9. Governance of the *Policy*

The decision-making process for the determination, review and implementation of the *Policy* is described below.

General Shareholders' Meeting

- Approves the *Director and Officer Remuneration Policy,* which constitutes the Company's highest-level set of regulations on director remuneration after the By-Laws.
- Approves the remuneration of the directors consisting of the delivery of shares of the Company or of any options thereon or which is indexed to the price of the Company's shares.

Board of Directors

- Proposes to the shareholders at the General Shareholders' Meeting the *Director and Officer Remuneration Policy* upon a proposal of the Remuneration Committee.
- Approves the remuneration of the directors and officers upon a proposal of the Remuneration Committee.
- Upon a proposal of the Remuneration Committee, proposes variable share-based remuneration plans for approval by the shareholders at a General Shareholders' Meeting.
- Approves the performance of the officers in terms of short-term variable remuneration and the performance of the Company in terms of long-term variable remuneration upon a proposal of the Remuneration Committee.
- In order to retain and recruit the talent that a leading company like Iberdrola requires, the Board of Directors, upon a proposal of the Remuneration Committee, which will receive reports from independent third parties, may adapt the implementation of the *Director and Officer Remuneration Policy* to the specific needs that may arise within market parameters, reporting and explaining the financial impacts on the terms established by law at the General Shareholders' Meeting.

Remuneration Committee

- Submits the proposed Director and Officer Remuneration Policy to the Board of Directors for approval and subsequent submission to the shareholders at the General Shareholders' Meeting, issuing the corresponding specific explanatory report required by Section 529 *novodecies* of the Companies Act.
- Regularly reviews the *Director and Officer Remuneration Policy*, proposing to the Board of Directors any amendment and update thereof and reporting thereto on any issues that may arise in connection with the interpretation and application of said *Policy* and standards. In the process of reviewing the *Policy*, the Remuneration Committee considers employee remuneration and how remuneration is aligned with the *Purpose and Values* of Iberdrola.
- Proposes to the Board of Directors the system and amount of the annual remuneration of the directors, as well as the individual remuneration of the officers and the other terms and conditions of their contracts, including fixed remuneration, annual or multi-year variable remuneration, share-based incentive plans and any potential compensation or severance payment that may be established in the event of removal, in all cases in accordance with the provisions of the Governance and Sustainability System and the Director and Officer Remuneration Policy.

- Endeavours to ensure that the Board of Directors is in a position to approve in advance the application, objectives, standards and metrics of the various items of remuneration established for the current financial year in accordance with the Policy approved by the shareholders at the General Shareholders' Meeting.
- Ensures that the Board of Directors is in a position to evaluate the achievement of the objectives, standards and metrics established during the previous year to determine the variable remuneration earned by the officers in that year sufficiently in advance. And, if applicable, for short- and long-term variable remuneration, proposes to the Board the cancellation or reimbursement of remuneration that has been paid to the respective beneficiaries.
- In consultation with other committees, particularly the Audit and Risk Supervision Committee, the Remuneration Committee evaluates whether the remuneration system encourages excessive or inappropriate risk-taking. This evaluation takes into account the nature of Iberdrola's risks in the design of variable remuneration plans.
- In consultation with other committees, particularly the Sustainable Development Committee, the Remuneration Committee evaluates the appropriate transposition of the Company's sustainable development strategy.
- Annually verifies, on the basis of information provided to the Remuneration Committee, that the remuneration policies for directors and officers are properly applied, whether circumstances have arisen that justify the application of "*malus*" (cancellation) or "clawback" (reimbursement) clauses, and proposes, if appropriate, suitable measures to recover any amounts that may be due or any change to existing plans.
- Oversees compliance with the Company's remuneration schemes and reports on the documents to be approved by the Board of Directors on remuneration, including, among others, the *Annual Report on Remuneration of Directors and Officers* and the corresponding sections of the Company's *Annual Corporate Governance Report*.
- Regularly reviews the general remuneration programmes for the group's professionals, assessing the suitability and results thereof, considering that they promote physical, mental and emotional well-being, as well as a healthy, safe, pleasant, diverse and inclusive working environment.

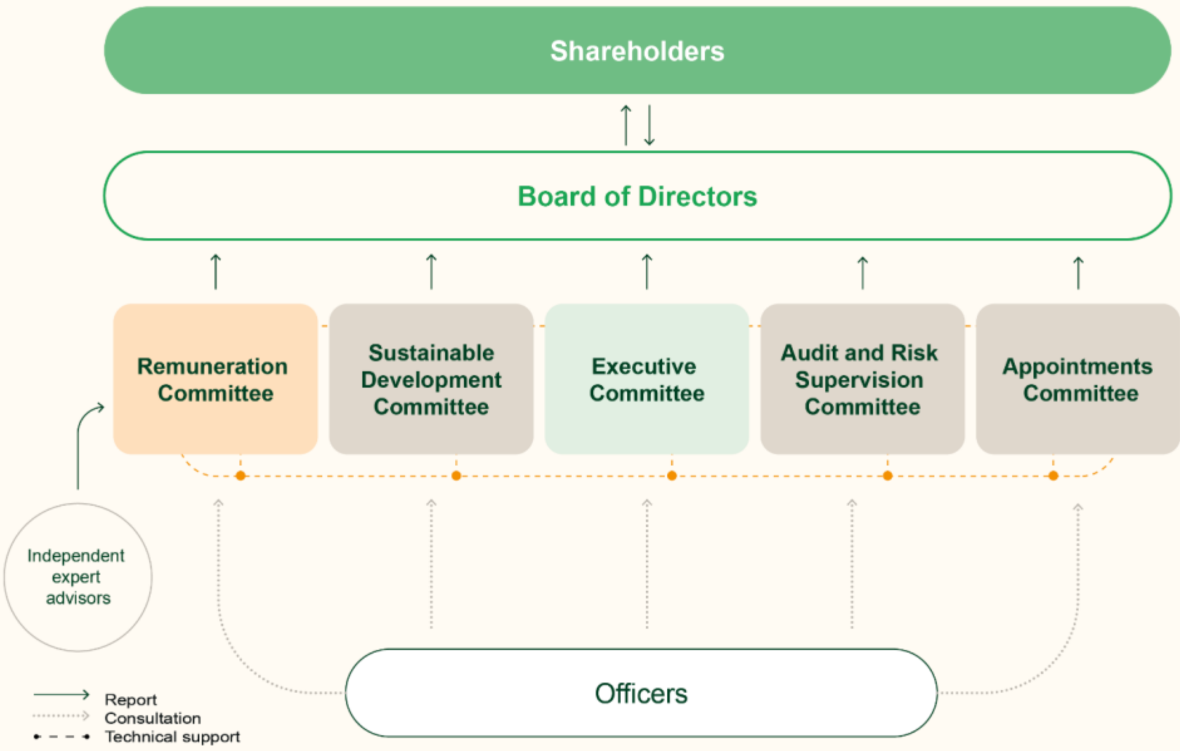
External advisors of the Remuneration Committee

- Performs an appropriate assessment of the independence of the external advisor if the participation thereof is required for the preparation of the *Director and Officer Remuneration Policy*.
- Seeks the help or advice of external professionals, who must address their reports directly to the chair of the Remuneration Committee, endeavouring to ensure that any possible conflicts of interest do not prejudice the independence of the external advice received.

Interaction of the Remuneration Committee

In its decision-making process, the Remuneration Committee takes into account the opinion of independent external advisors, together with the experience and skills present in other committees of the Board of Directors, working proactively and in consultation with other committees, particularly the Audit and Risk Supervision Committee, the Sustainable Development Committee and the Appointments Committee, as well as the technical support of the officers, to ensure the effectiveness of the Remuneration Policy through a generalised approach.

In consultation with other committees, particularly the Audit and Risk Supervision Committee, the Remuneration Committee evaluates whether the remuneration system encourages excessive or inappropriate risk-taking. This evaluation takes into account the nature of Iberdrola's risks in the design of variable remuneration plans. In consultation with other committees, particularly the Sustainable Development Committee, the Remuneration Committee evaluates the appropriate transposition of the Company's sustainable development strategy. This evaluation takes into account Iberdrola's commitment to sustainable development in the design of variable remuneration plans.



10. Effectiveness

This *Director and Officer Remuneration Policy* shall be in effect as from the date of approval hereof by the shareholders acting at the General Shareholders' Meeting for financial year 2026 and during financial years 2027, 2028 and 2029.

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This *Director and Officer Remuneration Policy* was initially approved by the Board of Directors on 18 December 2007 and was last approved by the shareholders at the Company's General Shareholders' Meeting held on 29 May 2026.