2. Corporate Risk Policies

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Corporate Credit Risk Policy DS

The *Corporate Credit Risk Policy* provides the framework for the monitoring and management of credit risk from a global viewpoint covering the entire Group, credit risk being understood as all counterparty risks that, in the event of insolvency of such counterparty, might cause the Group to sustain an economic or financial loss.

In particular, the *Corporate Credit Risk Policy* establishes the identification and segmentation into homogeneous groups of the principal types of relations that give rise to credit exposure within the Group, the implementation of mechanisms to identify common counterparties, the application of corporate guidelines for acceptance of counterparties, as well as the allocation of risk limits in the aggregate and by counterparty, in accordance with credit quality standards.

Additionally, the risk policies for each business establish specific credit risk limits and guidelines in line with the characteristics of the different types of businesses.

Corporate Market Risk Policy DS

The *Corporate Market Risk Policy* provides a common framework for the monitoring and management of market risk in the entire Group, market risk being understood as any potential loss of margin and/or value due to adverse changes in price-determining factors.

In particular, this *Corporate Market Risk Policy* sets out differentiated guidelines for the management of the market risk associated with the various activities connected to the energy value chain:

a) Activities associated with the core business for sale in the liberalised market (electricity production at the Company's own plants, including fuel supply and emission allowances, purchase of electricity and gas, forward, wholesale or retail sale of electricity and gas through the Company's own supply company, dedicated generation or cogeneration plants with or without a power purchase agreement (PPA), hedging transactions, etc.).
b) Activities of energy management and/or regulated sale.
c) Other activities involving the "discretionary trading" of electricity, gas, emission allowances and other fuel and associated products, with respect to which a global "stop-loss" limit is established at the Group level.

Additionally, the risk policies for each business establish specific market risk limits and guidelines in line with the characteristics of the different types of businesses and the countries in which the Group has a presence.

Operational Risk in Market Transactions Policy DS

The *Operational Risk in Market Transactions Policy* covers the operational, regulatory and reputational risks deriving from all activities in the markets by the various energy and cash management trading desks of the Group as a result of potential improper procedures, technological errors, human failure, fraud and any other internal or external event.

This *Operational Risk in Market Transactions Policy* is based on the following basic principles:

a) Strong risk culture.
b) Proper segregation of duties.
c) Formalisation of clear policies and procedures.
d) Secure and flexible information technology systems.

And established specific directives in this regard, which shall apply based on a principle of proportionality to the number and complexity of all transactions carried out by each of the affected trading desks.

Insurance Policy DS

The *Insurance Policy* provides the framework for the monitoring and management, through insurance, of the Company's global exposure to the impact of the operational risks associated with all the activities and businesses of the Group.

It includes the limits for the following insurance programmes, among others:

a) Comprehensive casualty.
b) Continuous damages.
c) Civil liability.
d) Environmental risks.
e) Nuclear risk.
f) Directors and officers.
g) Cybersecurity.

And establishes specific limits for the captive insurance company.

Investment Policy DS

The *Investment Policy* provides the framework for the analysis, approval and monitoring of the investment or divestment projects of all businesses within the Group and of the risks associated therewith, including those arising from climate change.

In particular, this *Investment Policy* sets general limits in terms of profitability and risk for each project, as well as the manner in which it fits into the Group's strategy.

Additionally, the risk policies for each business establish specific limits and guidelines in line with the characteristics of the different types of investments.

Financing and Financial Risk Policy DS

The *Financing and Financial Risk Policy* provides the framework for coverage of the financial needs of the companies belonging to the Group, by:

a) Ensuring liquidity with minimum financial expense and optimising the Group's balance sheet.
b) Setting the appropriate levels of risk to be assumed in order to optimise the cost/risk ratio within established limits.
c) Transferring the level of risk associated with financial variables that the Company does not wish to assume to external entities specialising in the management of such risks.
d) Maintaining solvency indicators that enable the Group to maintain its credit rating.

The *Financing and Financial Risk Policy* provides that the management of all of the Group's financial risks, including interest rate, exchange rate, liquidity and solvency risks, shall be centralised within the Finance and Resources Division:

The Policy also includes other risks (credit, regulatory, operational and reputational) that might affect the financing of the Group.

Additionally, the risk policies for each business provide for the obligation to transfer financial risks to the Finance and Resources Division for the comprehensive management thereof.

Treasury Share Policy DS

The *Treasury Share Policy* provides that all transactions for the purchase and sale of treasury shares by the Company and/or by its controlled companies shall be conducted in compliance with applicable regulations and with the resolutions adopted in this regard at a General Shareholders' Meeting, and that they shall always pursue lawful aims, such as:

a) Providing investors with adequate liquidity and depth in the trading of the Company's shares.
b) Stabilising the share price after a public offer for the sale or subscription of shares by means of a loan of treasury shares by the Company and the granting of a call option on shares to the underwriters for the transaction.
c) Implementing programmes for the purchase of treasury shares approved by the Board of Directors or by the shareholders at a General Shareholders' Meeting and, in particular, making available to the Company the shares required to comply with the share delivery commitments previously assumed thereby under issuances of securities or corporate transactions, such as compensation schemes or loyalty plans for shareholders (e.g., payment of dividends in kind), directors, officers or employees.
d) Honouring other previously-assumed lawful commitments.
e) Any other purpose allowed under applicable regulations.

Moreover, the *Treasury Share Policy* provides the framework for the monitoring and management of the market, credit and operational risks associated with treasury share transactions, including the purchase and sale of shares of the Company and contracting for derivatives on treasury shares and hedging derivatives, and sets limits, *inter alia*, on the total volume of the position and the market risk in terms of value at risk.

Risk Policy for Equity Interests in Listed Companies DS

The *Risk Policy for Equity Interests in Listed Companies* provides the framework for the monitoring and management of risks affecting the various holdings in listed companies in the form of shares and derivatives:

a) In companies within the scope of consolidation (subsidiaries and affiliated companies).
b) That are financial in nature (financial assets at fair value according to the profit and loss account and financial assets available for sale).

Procurement Policy CC GD DS C

The *Procurement Policy* provides the overall framework for the control and management of the market, credit, business, regulatory, operational (including cybersecurity and criminal) and reputational risks deriving from the purchase of materials and equipment and from contracting for works and services across the entire Iberdrola Group, with special emphasis being laid on adherence to the ethical commitments of the Group and of its suppliers.

The *Procurement Policy* rests upon the following basic principles:

— Promoting a strong risk culture and the development of a corporate culture based on ethics and honesty across the entire organisation, capable of supporting the professional and ethically responsible behaviour of all of the employees, through strict application of the *Code of Ethics*.
— Establishing, in a coordinated fashion, the standards and controls associated with the activities of purchasing and contracting for equipment, materials, works and services for the benefit of the companies making up the Group, ensuring full adherence to the corporate organisation deriving from the Group's governance model.
— Implementing the mechanisms required for purchasing decisions to in any event ensure the achievement of balance between technical competence, quality, price and supplier qualifications as a key condition for the contribution of value.
— Establishing supplier selection procedures that conform to standards of objectiveness, impartiality and equal opportunity, ensuring at all times the professionalism of employees as well as their loyalty to the Group and its shareholders regardless of their own or third-party interests.
— Promoting strict compliance by suppliers with contractual terms and conditions and with applicable law, placing special attention on respect for the environment and on the principles contained in the *Policy on Respect for Human Rights*, favourably assessing compliance with the provisions in the area of reconciliation and gender equality in the *Equal Opportunity and Reconciliation Policy* and requiring acceptance of the principles set out in the *Code of Ethics* specifically applicable to the suppliers of the Group.

- Furthering a supplier relationship policy based on the principles of corporate ethics and transparency, striving for continuous improvement and mutual benefit and promoting innovation and development activities.
- Fostering the motivation and active participation of employees, the training required for the performance of their tasks, and the continuous education thereof.
- Promote sustained, inclusive and sustainable economic growth, productive employment and decent work for all professionals forming part of the Group's value chain, in line with the provisions of goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations.

The *Procurement Policy* establishes guidelines and detailed limits regarding levels at which authority may be delegated and purchasing procedures within the Group in accordance with the aforementioned principles, as well as regarding the organisation principles that must be observed to ensure full adherence to the corporate organisation deriving from the Group's Corporate Governance System.

Information Technologies Policy DS

The *Information Technology Policy* establishes an overall framework for the governance and management of the processes and actions relating to information technology (IT) within the Group. It contemplates the management of risks associated with the use, ownership, operation, participation, influence and adoption of specific information technology, as well as the processes for the management and control thereof.

It defines an integrated management framework that allows for a global technological focus and is intended to ensure the appropriate management of information technology and of the risks associated therewith, promoting the creation of value through an effective and innovative use of IT and the satisfaction of internal and external users with the level of commitment and services provided, maintaining a balance between the generation of profits, the optimization of risk levels and an efficient use of resources, based on standards of proportionality.

Moreover, it contains the guidelines for an information technology governance model common to the entire Group, based on the establishment of an IT Governance Committee and the creation of separate Management Committees within the head of business companies, for purposes of addressing the needs of the businesses, assigning responsibilities, prioritizing activities and generating value through optimisation of costs and ongoing adaptation to technological developments.

Cybersecurity Risk Policy DS

The *Cybersecurity Risk Policy* establishes a global framework for the control and management of the cybersecurity risks applicable to all the companies of the Group. In particular, it refers to the risks arising from threats and vulnerabilities affecting the Group's control, information technology and communications systems, as well as any other asset forming part of its cyber-infrastructure.

It also establishes the guidelines for a common cybersecurity management model for the entire Group, coordinated by a Cybersecurity Committee and based on the development of global rules and standards to be applied within all the businesses and corporate functions, thus encouraging a strong culture of cybersecurity.

The *Cybersecurity Risk Policy* is based upon the following basic principles:

- Raising awareness among all employees, contractors and collaborators regarding cybersecurity risks and ensuring that they have the knowledge, skills, experience and technological abilities needed to support the Group's cybersecurity goals.
- Ensuring that the Group's information technology and communications systems have an appropriate level of cybersecurity and cyber-resilience and applying the most advanced standards to those that support the operation of critical cyber-infrastructure.
- Fostering the existence of appropriate cybersecurity and cyber-resilience mechanisms for the systems and operations managed by third parties that provide services to the Company.
- Strengthening capacities for prevention, detection, reaction, analysis, recovery, response, investigation and coordination against terrorist activities and criminality in cyberspace.
- Providing procedures and tools that permit rapid adaptation to changing conditions in the technological environment and to new threats.
- Collaborating with the relevant governmental bodies and agencies in order to contribute to the improvement of cybersecurity in the international sphere.

The *Cybersecurity Risk Policy* sets out the Company's commitment to clearly and transparently report on its risks and incidents in the area of Cybersecurity, in accordance with the provisions of law.

Non-public Cybersecurity risks and incidents directly or indirectly relating to the Company or any other company of the Group and that could have an appreciable effect on the price of Company's shares or of any other security that the Compliance Unit defines as an Affected Security, might constitute Inside Information, as this term is defined in the *Internal Regulations for Conduct in the Securities Markets*, in which case the Company must report them to the market through the National Securities Market Commission upon the terms required by law.

Until said information is public, those persons who are aware of the existence of the risk or incident in question shall be deemed Insiders, within the meaning of the provisions of the aforementioned regulations, may not engage in transactions regarding Affected Securities and will be subject to the duty of confidentiality, among other restrictions contemplated in the *Internal Regulations for Conduct in the Securities Markets*.

Reputational Risk Framework Policy DS

The object of the *Reputational Risk Framework Policy* is to establish a benchmark framework for the monitoring and management of reputational risk to be implemented by all the Divisions of the Group on a coordinated basis with the Investor Relations and Communication Division.

The management of reputation seeks two complementary objectives, to bring out opportunities that trigger favourable behaviour towards the company, and to diminish reputational risk.

There is a direct relationship between this policy and the *Stakeholder Relations Policy*, the purpose of which is to identify stakeholders, engage them and strengthen relations of trust with them, under the principles of dialogue, transparency, active listening and equal treatment. The eight categories defined in said policy are workforce, shareholders and the financial community, regulatory entities, customers, suppliers, the media, society in general and the environment.

The *Reputational Risk Framework Policy* establishes various recommendations, including crisis management, and lists indicators for monitoring, like REPTRAK.