

7. Board of Directors Diversity and Member Selection Policy



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The Board of Directors of IBERDROLA, S.A. (the “Company”) recognises transparency in all its activities, including the process for selecting candidates to hold the position of director, and diversity within the Board of Directors, as key elements of its corporate governance strategy.

Therefore, the Board of Directors has approved this *Board of Directors Diversity and Member Selection Policy*, which is a public, specific and verifiable policy ensuring that the proposals for appointment of directors of the Company are based on a prior analysis of the needs of the Board of Directors and ensures that there is a diversity of skills, knowledge, experience, origin, nationality, age and gender within the Board of Directors.

1. Scope

This *Board of Directors Diversity and Member Selection Policy* shall be applicable to the selection of candidates for director of the Company who are individuals.

In the case of candidates for director of the Company that are legal entities, the provisions of this *Board of Directors Diversity and Member Selection Policy* shall also apply to the individuals representing them, without prejudice to the process also including an analysis of the circumstances that might affect the suitability of the legal entity (bankruptcy, criminal proceedings, government sanctions, conflicts of interest, etc.).

Individuals shall in any case be favoured as candidates for director.

2. Aims in Selecting Candidates

The selection of candidates for director shall start with an analysis of the needs of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “Group”), and which must be carried out by the Board of Directors with the advice and report of the Appointments Committee.

It shall also target persons who satisfy the conditions set forth in the following sections and whose appointment favours diversity of skills, knowledge, experience, origin, nationality and gender within the Board of Directors, in accordance with the Sustainable Development Goals (SDGs) approved by the United Nations, and particularly with goal five relating to the empowerment of women.

3. Sources for the Identification of Candidates

The performance of executive duties within the Group, as well as duties as a director of the companies of the Group, especially of country subholding companies and of head of business companies, provides a deep understanding of the activities and internal operations thereof, which facilitates the rapid inclusion of the persons holding such positions into the dynamics of the operations of the Company’s Board of Directors. In turn, it provides first-hand knowledge of their skills, work capacity, commitment to the position and potential to provide value.

For all of the foregoing reasons, candidates who have prior experience within the Group will be given preference in the selection of directors, based on the following criteria:

- a) The identification of candidates for executive director shall first take into account management personnel who have been linked to the Company or other companies of the Group for at least five years.
- b) The selection of candidates for independent director shall first consider external directors of companies in which the Group has an interest.

In both cases, in the absence of suitable candidates or when circumstances so justify, as acknowledged by the Appointments Committee, other profiles shall be evaluated.

For purposes of complying with the provisions of this section, the appointment of directors from outside of the companies in which the Group has an interest shall take into account the provisions of this *Board of Directors Diversity and Member Selection Policy*, and particularly the goals described in sections 4, 5 and 6.

In addition, any director may suggest other candidates for director that meet the requirements established in this *Board of Directors Diversity and Member Selection Policy*.

4. Conditions to Be Satisfied by the Candidates

The selection process shall promote a search for candidates with knowledge and experience in the main countries and sectors in which the Group does or will do business.

All candidates for director of the Company must be respectable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability and commitment to their duties. They must also have sufficient knowledge of the Spanish and English languages to be able to perform their duties.

In particular, they must be irreproachable professionals, whose professional conduct and background is aligned with the principles set forth in the *Code of Ethics* and with the corporate values contained in the *Purpose and Values of the Iberdrola group*.

By way of guidance, the appropriateness shall be considered of candidates for director generally not exceeding the age of seventy years.

5. Grounds for Disqualification provided by Law or the Corporate Governance System.

Those persons or entities that have incurred legal grounds for disqualification from the holding of their position, or that fail to meet any of the requirements to be a director established in the Corporate Governance System and, in particular, the following, shall be ineligible as candidates for director:

- a) Domestic or foreign companies competing with the Company in the energy industry or other industries, or the directors or members of senior management thereof, or such persons, if any, as are proposed by them in their capacity as shareholders. For clarification purposes, the companies of the Group shall not be deemed competitors of the Company.

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- b) Individuals or legal entities serving as directors in more companies than are permitted under the provisions of the *Regulations of the Board of Directors*.
- c) Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the Group operates.
In the case of candidates who have held high-level positions in the governments of other jurisdictions that are incompatible with the simultaneous performance of the duties of a director of a listed company, the Appointments Committee must take appropriate action to verify that the holding of such positions does not entail an impediment to the potential appointment of the candidate as a director.
- d) Individuals or legal entities that are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.

6. Diversity in the Composition of the Board of Directors

The selection of candidates shall endeavour to ensure that a diverse and balanced composition of the Board of Directors as a whole is achieved, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of the matters within its purview.

Along these lines, the Board of Directors assumes the commitment to promote diversity in the composition thereof, and for this purpose, in selecting candidates for director, shall assess candidates whose appointment favours the directors having different skills, knowledge, experience, origin, nationality, age and gender.

The diversity criteria shall be chosen based on the nature and complexity of the businesses of the Group, as well as the social and environmental context where it has a presence. Other criteria may also be taken into consideration based on the needs of the Board of Directors.

Any type of bias entailing any kind of discrimination, including for reasons of gender, ethnic origin, age or disability, shall be avoided in the candidate selection process. According to the provisions of goal five of the Sustainable Development Goals (SDGs) approved by the United Nations, any bias that hinders the appointment of female directors and that might impede achieving the Company's goal that the number of female directors continues to account for at least thirty per cent of the total number of members of the Board of Directors in the year 2020, shall be particularly avoided.

The Board of Directors shall periodically evaluate the level of compliance and the effectiveness of its diversity policy, and especially the percentage of female directors at any particular time. The *Annual Corporate Governance Report* shall also include a detailed description of this policy, as well as the goals set in this regard and the results obtained.

7. External Validation

The Company may rely on the cooperation of external advisers to validate that the candidates for director meet the conditions referred to in section 4 and that they are not subject to any of the grounds for ineligibility set out in section 5 above.

This *Board of Directors Diversity and Member Selection Policy* was initially approved by the Board of Directors on 25 March 2015 and was last amended on 28 March 2019.