

General Sustainable Development Policy



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The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

The policies and rules that make up the Governance and Sustainability System are intended to ensure the alignment of all conduct of the Group’s companies with their purpose, i.e. *to continue building together each day a healthier, more accessible energy model, based on electricity*, as well as with the bylaw-mandated commitment of the Company to the social dividend and with the Sustainable Development Goals (“**SDGs**”) approved by the United Nations (UN).

In the exercise of these responsibilities, and within the framework of the law and the *By-Laws*, the guidelines for conduct that take shape in the *Purpose and Values of the Iberdrola Group*, and its sustainable development strategy, the Board of Directors hereby approves this *General Sustainable Development Policy* (the “**Policy**”).

1. Purpose

This *Policy* is intended to establish the general principles and structure the foundations that must govern the sustainable development strategy at the Group level to ensure that all the corporate activities and businesses of the companies that comprise it are carried out while fostering the sustainable creation of value for shareholders and taking into account the other Stakeholders related to its business activities and institutional reality, equitably compensating all groups that contribute to the success of its business enterprise, promoting the values of sustainability, integration and dynamism, favouring contribution to the achievement of the SDGs and rejecting actions that contravene or hinder them.

The sustainable development strategy established at the Group level revolves around three main vectors: environmental, social, and corporate governance and compliance aspects. The actual and effective implementation thereof, along with the Governance and Sustainability System that supports it, is to form part of the essence of the Group, one of the key elements that differentiates it from its competitors and which is a deciding factor for the establishment of the Company as the preferred company for its Stakeholders.

The general principles and foundations set forth in this *Policy* are further developed and specified in the Company’s impacts on its Stakeholders, as well as in specific environmental, social, and corporate governance and regulatory compliance policies that address certain needs and expectations of its main Stakeholders.

2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the lawfully established limits.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social, and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

The contents of this *Policy* must also govern the conduct of the foundations linked to the Group.

3. Objectives of the Sustainable Development Strategy

Fulfilment of the corporate interest, as defined in the *By-Laws*, requires the implementation of a sustainable development strategy that favours the “*sustainable creation of value by engaging in the activities included in its corporate object, taking into account other Stakeholders related to its business activity and its institutional reality (...)*”.

For this purpose, it should be kept in mind that the *By-Laws* of the Company provide for the implementation of a sustainable development strategy that causes all of its Stakeholders to participate in the social dividend generated by its activities, sharing the created value with them.

Pursuant to the bylaw-mandated rule imposed by the Company’s shareholders, its Board of Directors has further developed this strategy, focused on the sustainable creation of value, providing a quality service through the use of environmentally-friendly energy sources, staying alert to the opportunities offered by the knowledge economy, and committed to the SDGs, especially in relation to goals seven and thirteen regarding the supply of accessible and clean energy and the fight against climate change, respectively.

In this regard, the companies of the Group drive a real, global, effective, fair and inclusive energy transition, without leaving anybody behind, working together with suppliers, professionals, local communities and customers in line with the provisions of the Governance and Sustainability System and specifically the *Policy on Respect for Human Rights* and the due diligence systems in that area.

For this purpose, they innovate, make new investments and promote more efficient, sustainable and clean technologies, foster growth and develop talent and the technical and human capacities of their professionals, work for the safety of people and the supply of energy, and labour to build a successful business enterprise together with all of the participants in their value chain, sharing the achievements with their Stakeholders.

In particular, the sustainable development strategy endeavours to ensure the achievement of the following objectives, based on the principles set out in the SDGs:





- a. promote compliance with the Company's purpose, i.e., *to continue building together each day a healthier, more accessible energy model, based on electricity*, and to promote the three corporate values, i.e. sustainable energy, integrating force and driving force;
- b. cause all of their Stakeholders to participate in the success of the Company's business enterprise, through the social dividend generated.
- c. favour the achievement of strategic goals at the Group level in order to offer a safe, reliable and high-quality supply of energy that is respectful of the environment;
- d. improve the competitiveness of all of the companies of the Group through the assumption of management practices settled on innovation, the development of professional relationships based on diversity, inclusion and a sense of belonging, equal opportunity and non-discrimination in the management of people, productivity, profitability, efficiency and sustainability;
- e. responsibly manage the risks and opportunities deriving from changes in the surroundings, and maximise the positive impacts of their activities in the various territories in which the companies of the Group operate and minimise the negative impacts, to the extent possible, avoiding short-term approaches or those that do not sufficiently take into account the interests of all of their Stakeholders;
- f. encourage a culture of ethical behaviour that increases business transparency in order to generate credibility and trust within the Stakeholders of the Group's companies, which include communities;
- g. promote relationships based on trust with all of the Stakeholders of the Group's companies, providing a balanced and inclusive response to all of them, particularly emphasising the involvement of local communities to glean their viewpoints and expectations regarding significant potential issues, and thus be able to take them into consideration, on the one hand, and to understand and manage the impacts that the activities of the Group's companies have on their respective Stakeholders, on the other;
- h. contribute to the recognition of the Group's companies and the improvement of their reputation; and
- i. promote information and communication in the various communities in which the companies of the Group do business so that they are thought of as an ideal place for professional development of the various groups of which they are comprised from the viewpoint of their commitment to diversity and inclusion.

4. Social Dividend

The Company is an international energy leader that produces and supplies energy to more than 100 million people in the countries and territories in which it is present.

It contributes, with the social dividend generated through its activities, with its tax contribution, and through the development of its corporate object in accordance with the principles set forth in its environmental, social, and corporate governance and regulatory compliance policies: to the stimulation of society, both from an economic viewpoint as well as from the perspective of business ethics, to the promotion of equality and justice, to the protection of vulnerable groups, to the encouragement of innovation, to respect for the environment, to the fight against climate change and to the generation of high-quality employment based on attracting talent, diversity, inclusion and a sense of belonging, and to other measures of well-being.

The contribution to its Stakeholders with its social dividend is one of the basic premises for the success of the Company's business enterprise and is based on the SDGs, the principles of which it accepts and supports. This strategy seeks to put the Group's companies at the forefront of best practices in this area and position the Company as one of the best companies for the world, ultimately aspiring to act as a driver and lever for social and environmental change.

Consistent with its global leadership in renewable energy, with its commitment to the promotion of energy efficiency and to universal access to energy services, and pursuant to the provisions of its environmental policies, and specifically of its *Climate Action Policy*, the companies of the Group significantly contribute to compliance with SDGs seven and thirteen, regarding the supply of affordable and clean energy and the fight against climate change, respectively.

Leadership in the fight against climate change and the development of clean energy that contributes to the decarbonisation of the economy are the two main foundations of the Group-level, as well as being the goals to which there is the most significant contribution.

Furthermore, with their business activities, and particularly with the manner in which they are carried out, the companies of the Group contribute to achieving SDGs eight (which promotes sustainable and inclusive economic development, productive employment and decent work) and nine (regarding industry, innovation and infrastructure).

However, the commitment to the SDGs goes further, as in its day-to-day activities the Company takes into consideration all of the goals as guidance in its decision-making processes, the principles of which inform its conduct and its daily tasks, rejecting conduct that contravenes or hinders them.

The Company thus works to measure the social dividend generated by the Group's companies through their business activities, which is the principle source for the creation of value for their Stakeholders, prioritising cleaner and safer energy and promoting measures to protect vulnerable groups, with specific partnerships, sponsorships and activities focusing on social content, either directly or in collaboration with foundations linked to the Group, and generally with a global institutional strategy committed to business ethics and the SDGs, open to their Stakeholders, favouring the engagement thereof as well as the design and regular execution of plans for raising awareness regarding various issues that promote sustainable development.



Along these lines, measurement of the social dividend encompasses the principal positive direct, indirect and induced impacts, both present and future, generated by the activities of the Group's companies, consistent with the Company's commitment to the long-term creation of shared sustainable value for its shareholders.

Due to the diversity of sustainable development goals and commitments, the Group's companies use a broad set of indicators that allows for an evaluation of the contribution from various perspectives. Even though the indicators do not capture all of the impacts generated, the results obtained constitute an efficient assessment tool to verify the achievement of the bylaw-mandated commitment to the social dividend. This assessment is taken into consideration by the Board of Directors when defining the Group-level strategy, and is shared transparently with all of the Stakeholders of the companies that comprise the Group through the public dissemination of their non-financial information and the social dividend that is generated. Along these lines, the statement of non-financial information prepared by the Board of Directors and, after independent verification, approved by the shareholders at the General Shareholders' Meeting, presents the Company's performance in the social, environmental and sustainability areas, as well as the social dividend generated, whether directly or in collaboration with foundations linked to the Group, and shared with the Stakeholders thereof.

5. General Principles of Conduct

In order to meet the goals set out in the area of sustainable development, the Company adopts the following main principles of conduct:

- a. comply with applicable law in the countries and territories in which the Group's companies do business and assume ethical leadership in the business communities in which they are present, with the supplementary and voluntary adoption of international commitments, rules and guidelines in those countries in which the legal framework is inadequate or insufficient, basing its relations with the competent public authorities in each jurisdiction on the law, fidelity, reliability, professionalism, collaboration, reciprocity and good faith;
- b. support the principles of the SDGs, specifically those relating to universal access to energy and the fight against climate change, the commitments of the Paris Agreement, the United Nations (UN) *Guiding Principles on Business and Human Rights* and other international instruments, especially in the areas of good human rights and labour practices, protection of the environment and the fight against corruption and all forms of fraud.
- c. align its conduct with the principles contained in the *Purpose and Values of the Iberdrola Group* and follow the guidelines contained in the other rules of the Governance and Sustainability System, especially in the *Code of Ethics*, which governs the ethical and responsible conduct that the companies of the Group expects of their directors, professionals and suppliers;
- d. favour free market practices, rejecting any illegal or fraudulent practice, implementing effective mechanisms for prevention, surveillance, and punishment of improper acts, and further developing its commitment to the promotion of unrestricted competition in favour of consumers and users;
- e. adopt cutting-edge corporate governance practices, in line with good governance recommendations generally accepted in international markets, based upon business transparency and mutual trust with Stakeholders;
- f. have an effective, autonomous, independent and robust Compliance System; and
- g. encourage pathways of dialogue, as well as facilitating relationships with Iberdrola's people, shareholders and the financial community, customers, supply chain and, in general, with its other Stakeholders, in accordance with the *Stakeholder Engagement Policy*, in order to strengthen their engagement and identification with the Company, to harmonise business values and social expectations, and to adapt, to the extent possible, policies and strategies established within the boundary of the Group to the interests, concerns and needs of such Stakeholders, using all communications within its reach such as direct contact, social networks, digital media and applications, consultation procedures, and the Company's corporate website.

6. Main Principles of Conduct

Set forth below is a description of the main principles of conduct within the boundary of the Group with respect to various aspects in the area of sustainable development common to all of the Company's Stakeholders. All of them represent a Group-level commitment to the social dividend that is generated by applying these principles to the business activities of the companies comprising the Group.

6.1. Principles of Conduct with respect to the Creation of Shared Sustainable Value

The creation of shared sustainable value is the fundamental principle that should govern the Group-level policies, strategy and operations, and entails the equitable compensation of all groups contributing to the success of the business enterprise of the Group's companies and consideration of the social return on new investments, generating employment and wealth for society with a long-term vision that seeks a better future without compromising present results.

The fundamental principles are developed in the *Sustainable Management Policy* and can be synthesised as follows:

- a. Develop a business model based on models that are environmentally sustainable, economically feasible and socially inclusive.
- b. Establish instruments to strengthen the competitiveness of the energy products supplied, through efficiency in energy generation, storage, transmission, distribution and sale processes. The Company thus pays special attention to the excellent management of its processes and resources, using the instruments developed in the *Quality Policy*.
- c. Implement measures tending to ensure the high quality of the service and the safe and reliable supply of energy products.





- d. Promote the reduction of the environmental impact of all the activities carried out by the companies of the Group, striving to promote a rational and sustainable use of water, leading the fight against climate change through the development of clean energy that contributes to the decarbonisation of the economy, prevent or if applicable minimise polluting emissions and the effects thereof, as well as improving the circularity of their activities and those of their suppliers.
- e. Advance the responsible use of energy and the sustainable use of natural resources, promoting the minimisation of impacts caused by the activities of the Group's companies, in line with the provisions of the Company's environmental policies, and public awareness regarding the efficient consumption of products and services.
- f. Strengthen the social dimension of the activities of the Group's companies, and particularly respect for human rights as set out in the *Policy on Respect for Human Rights*. Specifically, the companies of the Group strive to improve the quality of life of the people in the communities in which they do business, promoting universal access to energy supply, paying special attention to customers who are economically disadvantaged or in any other situation of vulnerability.

6.2. Principles of Conduct with respect to Transparency

Transparency is one of the hallmarks of the Company's identity and one of the fundamental goals of its communication strategy, and it is fundamental for generating confidence and credibility, both in the markets and in investors, as well as in Iberdrola's people and in the other Stakeholders.

In relation to transparency, the Company undertakes to:

- a. disseminate truthful, sufficient, relevant, complete, clear, reliable and useful information regarding the significant activities of the Group's companies and of the foundations linked thereto;
- b. encourage transparency, assuming a commitment to annually prepare and publish financial and non-financial information regarding its activities, following generally accepted methodologies and submitting the information to independent external verification with respect to the latter; and
- c. facilitate complete and truthful information regarding the taxes that Group companies pay in the countries and territories in which they operate.

The Company shall publish the additional information required by applicable legal provisions in each country or territory or voluntarily assumed thereby or by any of the other companies of its Group, including both the statement of non-financial information, which the Board of Directors formulates and submits for the approval of the shareholders at the General Shareholders' Meeting and which reflects the Company's social, environmental and sustainability performance as well as the social dividend generated and shared with its Stakeholders, as well as the following reports: the integrated report, the annual financial report, the annual corporate governance report, the annual director remuneration report and an activities report of the Board of Directors and of the committees thereof.

6.3. Principles of Conduct with respect to the Development and Protection of Intellectual Capital

Intellectual capital constitutes the principal differentiating element of competitive companies. Therefore, the Company considers the development and protection thereof to be a fundamental aspect, which is further developed in the *Knowledge Management Policy* and the *Corporate Security Policy*, the main principles of conduct of which include:

- a. foster initiatives, procedures, and tools that allow the Company to truly and effectively exploit the intellectual capital of the Group's companies;
- b. develop specific defensive plans to protect critical infrastructure and to ensure the continuity of the essential services provided by the companies of the Group in accordance with the provisions of the *Corporate Security Policy*; and
- c. ensure adequate protection of information and knowledge and the confidentiality thereof.

6.4. Principles of Conduct with respect to Innovation

The Company believes that innovation is the principal tool at the Group level for ensuring sustainability, efficiency and competitiveness, and is a strategic variable that affects all of its businesses and all of its activities. The main principles of conduct in which the desire of the Group's companies to lead innovation within the energy industry materialises include those set forth below and further developed in the *Innovation Policy*:

- a. promote research, development and innovation (R&D) activities, focusing on efficiency aimed at the ongoing optimisation of the business operations of the Group's companies, management of facilities and equipment lifespans, reduction of operation and maintenance costs, and decrease in environmental impact, as well as the development of new products and services to satisfy the needs of the customers;
- b. create innovations fostering sustainable growth and the efficient management of resources and a reduction in environmental impact, contributing to the social and economic development of the surroundings in which the Group's companies do business;
- c. engage in projects in the area of universalisation of energy services based on models that are environmentally sustainable, economically feasible and socially inclusive;



- d. protect innovation, and particularly information or knowledge considered (or that might be considered) to be a trade secret taking into account the importance of the protection thereof; and
- e. keep the Group's companies at the forefront of new technologies and disruptive business models.

6.5. Principles of Conduct with respect to Responsible Tax Policy

The taxes that the companies of the Group pay in the countries and territories in which they do business are their main contribution to the funding of public purpose needs and, accordingly, one of their contributions to society.

Within the framework of the provisions of the *Corporate Tax Policy*, the Group's companies assume the following commitments:

- a. Comply with tax rules in the various countries and territories in which they operate.
- b. Make decisions on tax matters based on a reasonable interpretation of applicable legal provisions and in close relationship to their activities.
- c. Follow the recommendations of the good tax practices codes implemented in the countries and territories in which they do business, taking into account the specific needs and circumstances at the Group level.
- d. Not create or acquire companies resident in tax havens or countries included in the EU blacklist of non-cooperative jurisdictions, with the sole exception of those cases in which it is forced to do so because it is an indirect acquisition in which the company that is resident in a tax haven is part of a group of companies that are being acquired.
- e. Avoid the use of opaque or artificial structures unrelated to their business activities for the sole purpose of reducing their tax burden. In particular, not enter into transactions with related entities solely for the purpose of eroding the tax bases or to transfer the taxation of profits to low-tax territories.
- f. Strengthen the relationship with tax authorities based on respect for the law, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, without prejudice to the legitimate disputes that, observing the principles established in the *Corporate Tax Policy* and in the defence of the corporate interest, may arise with such authorities concerning the interpretation or application of legal provisions.

7. Principles of Conduct with respect to the Principal Stakeholders

7.1. Iberdrola's people

The companies of the Group consider their workforce to be a strategic asset, which they care for and to which they offer a good working environment, encouraging their development, training and reconciliation measures, and favouring the development of professional relationships based on diversity, inclusion and a sense of belonging, equal opportunity and non-discrimination in the management of people.

Therefore, the companies of the Group work to attract, develop and nurture talent as well as encourage the physical, mental and emotional well-being of the workforce through their personal and professional growth, making them participants in their successful business enterprise and guaranteeing them a dignified and stable job within a diverse and inclusive environment.

The inter-relation of the various companies of the Group with their human resources follows the following principles:

- a. Respect the human rights recognised by domestic and international laws, oppose child labour, forced or compulsory labour and any kind of modern slavery, not discriminating based on any condition or characteristics, and respect the freedom of association and of collective bargaining, the right to free circulation within each country, the rights of ethnic minorities and indigenous populations in the countries in which they do business and the right of all the communities in which they operate to a clean, healthy and sustainable environment, and understand access to energy as a right related and linked to other human rights, upon the terms set forth in the *Policy on Respect for Human Rights*.
- b. Select, hire and nurture talent within a favourable employment relationships framework, based on equality of opportunity, non-discrimination, diversity in all its variables and the inclusion of professionals, facilitating measures for the integration of disadvantaged groups and people with disabilities, and for reconciliation between personal and working life.
- c. Promote the participation and representation of the various groups that make up their human capital so that, based on this diversity, everyone can be fully integrated into the activities of the Group's companies;
- d. Ensure the firm commitment thereof to prohibit any form of discrimination;
- e. Recognise and value family and personal connections among the professionals of the Group's companies, a necessary consequence of their strong local roots within the communities in which they have historically done business, and establish measures ensuring that professionals with such connection are not favoured or discriminated against in hiring and promotion;
- f. Promote a sense of belonging of their workforce, in order for all professionals to consider themselves part of the business enterprise of the Group's companies, be aware of their role in the local, national and international community, and assume as their own the values, principles and goals established at the Group level;
- g. Establish a remuneration policy that favours the hiring of the best professionals and strengthening of the human capital of the Group's companies.

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- h. Promote the training, qualification and knowledge refreshment of professionals, favouring professional promotion and adapting the management of people to a diverse and multicultural work environment.
- i. Ensure a safe and healthy working environment within the companies of the Group and in their spheres of influence. The measures that favour this objective are developed in the *Occupational Safety and Health Policy*.

7.2. Shareholders and the Financial Community

The principles of conduct that govern the Company's relationship with its shareholders are:

- a. Facilitate and promote a responsible exercise by shareholder and the holders of rights or interests in shares of the Company of their rights and the performance of their duties, subject to the principle of equal treatment of all those in the same situation and who are not affected by any conflict of interest or competition.
- b. Promote the continuous, permanent, effective and sustainable engagement of its shareholders in corporate life and in the achievement of its purpose and the realisation of its values throughout the year, rather than being limited to the General Shareholders' Meeting. For this purpose, the Board of Directors has approved the *Shareholder Engagement Policy*, and it adopts initiatives and creates and develops various channels of dialogue, information, participation and interaction, as well as shareholder communication channels, to promote the aforementioned engagement.
- c. Favour the informed and responsible participation of shareholders at the General Shareholders' Meeting and take proper measures for it to serve the effective exercise of the duties held by the shareholders under the law and the Governance and Sustainability System.

The Company thus may make available to the shareholders on the occasion of each meeting a guide in the medium it deems appropriate (such as through a virtual assistant) and certain rules of implementation that standardise, adapt, further develop and make more specific, within the framework of the corporate interest, the provisions of the Company's Governance and Sustainability System concerning the General Shareholders' Meeting, and the exercise by shareholders of their related rights.

Such principles presume the obligation of the shareholders to fulfil their duties acting with loyalty, in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each of them and in accordance with the Governance and Sustainability System.

As regards principles of conduct with the financial community, the Board of Directors of the Company has approved a *Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors* that develops the relations with shareholders, financial analysts, institutional investors and proxy advisors, and recognises the strategic objective of ongoing attention to the transparency of information disseminated by the Company and to the principle of equality, as well as relations therewith.

7.3. Customers

The companies of the Group work to know the needs and expectations of their customers and thus offer them the best solutions, defending the proper operation of the market under free and fair competition and continuously working to care for and increase their satisfaction, strengthening their connection at the Group level and promoting responsible consumption, assuming the following principles of conduct for such purposes:

- a. obey and comply with the rules governing communication and marketing activities and accept the voluntary codes that promote transparency and the truthfulness of such activities;
- b. see to the protection of the health and safety of their customers in all of the life cycles of the products they sell, by complying with applicable law and providing training and information to consumers using various instruments: websites, information in invoices and the development of training and informational campaigns;
- c. provide information to their customers allowing for a more rational, efficient and safe use of energy in the countries in which they sell their products and services;
- d. pay attention to customers who are economically disadvantaged or in any other situation of vulnerability, establishing specific procedures of protection and collaborating in providing on-going access to energy supply according to the policies established by the competent government administrations in each case;
- e. facilitate effective access to information regarding the services they provide that is needed by customers with idiomatic or sensory difficulties, by implementing the appropriate instruments for such purpose;
- f. adopt the instruments necessary to ensure the confidentiality of the data of its customers, in accordance with the provisions of the *Code of Ethics* and applicable law;
- g. pursue continuous improvement of the quality of supply in the various countries and territories in which they operate; and
- h. monitor the quality of the service provided to their customers, through surveys measuring their satisfaction, and through customer service.

7.4. Communities

The companies of the Group are characterised by their international presence within various territories and communities. In their operations, they assume the following principles of conduct relating to communities:

- a. build strong bonds with the communities in which they do business through formal public consultations, thus generating confidence and strengthening their engagement and identification with the Company, of which these communities feel they are an integral part;
- b. harmonise their activities in the various countries in which they operate with the various social and cultural realities of each of them;
- c. strengthen relations of trust with the various communities with which they interact, by supporting the various governments, leading social organisations and legitimate community representatives, by promoting processes of consultation to understand expectations, favouring equal opportunity of the Stakeholders and paying attention to intercultural dialogue and consensus with indigenous populations (aligned with Convention 169 of the International Labour Organization);
- d. favour access to energy, with special attention to customers who are economically or in any other situation of vulnerability;
- e. strengthen respect for the rights of ethnic minorities in all of the communities in which they are present.
- f. foster the maintenance of a constructive and continuous dialogue with regulatory entities based on the principles of lawfulness, transparency, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, seeking to mutually understand the interests and objectives of each party, and working together to seek solutions to issues affecting the Group's companies and that are within the scope of the powers of such entities, thus contributing to the development of public policies that are useful for sustainable development;
- g. push for relations with the media to be governed by the principles of informational transparency and collaboration;
- h. support the promotion and conservation of biodiversity and of the cultural and artistic heritage of the territories and communities in which they do business;
- i. engage in corporate volunteering programmes and campaigns that promote the participation of their professionals in volunteer actions in order to promote improvement in people's quality of life, looking after the environment, sustainable development, universal access to energy and the eradication of hunger, including collection campaigns that seek to respond to social needs;
- j. support initiatives that contribute to a more healthy, egalitarian and just society, such as supporting the empowerment of women and of other vulnerable groups, and promoting reconciliation between personal and working life; and
- k. promote the protection of animals, as living sentient beings, and particularly the fight against abandonment, violence, mistreatment, abuse and the illegal trafficking of animals, respecting their quality as sentient beings, in accordance with the characteristics of each species and respecting the limitations established by applicable legal provisions.

The companies of the Group also collaborate on specific projects in emerging and developing countries as well as in areas in a situation of humanitarian crisis, actively participating in the search for sustainable solutions for access to modern forms of energy.

7.5. The Supply Chain

The companies of the Group believe that it is essential to ensure that all participants in the value chain respond and adhere to generally accepted ethical and sustainable development principles, in addition to applicable laws and the Governance and Sustainability System. Therefore, the principles of conduct in this area are the following:

- a. adopt responsible practices in the management of the supply chain; and
- b. cause all participants in the value chain to comply with the principles and values set forth in the *Code of Ethics* regarding business ethics and transparent management, good labour practices, the promotion of health and safety, respect for the environment, guaranteeing the quality and safety of the products and services sold and development of responsible practices in the supply chain, promoting joint management (shared responsibility) in strict respect for the human and labour rights recognised in domestic and international law.

7.6. The Environment

The Company aspires to be the preferred global energy company, among other reasons, because of its respect for the environment, as highlighted and developed in the environmental policies, and particularly in the following: the *Sustainable Management Policy*, the *Environmental Policy*, the *Climate Action Policy* and the *Biodiversity Policy*.

The devotion of the companies making up the Group to leadership in the fight against climate change through the development of clean energy (which contributes to the decarbonisation of the economy) and in respect for the environment are the pillars of the energy production model within the boundary of the Group and the factor that distinguishes it in the energy industry as a world leader in this area. This takes form in the following basic principles of conduct:

- a. develop a business model based on environmentally sustainable economic activities;





- b. continuously identify, quantify and assess throughout the life cycle of the facilities, the impacts and dependencies of the activities of the Group's companies on natural capital, with a focus on biodiversity, through the promotion of research and improving understanding of the ecosystems of the environments of the territories in which they operate;
- c. lead the fight against climate change by developing sustainable energy from renewable energy sources that contribute to the decarbonisation of the economy, as well as by optimising the use of energy throughout its value chain, and prevent or if applicable minimise polluting emissions and the effects thereof on human health and the environment;
- d. integrate climate change into internal strategic planning and decision-making processes;
- e. contribute to raising the awareness of society regarding the phenomenon of climate change and its consequences and solutions;
- f. make sustainable use of natural capital by improving the circularity of the business activities of the Group's companies and those of their suppliers, the sustainable use of natural resources, the implementation of life cycle analysis, the eco-design of their infrastructures, the application of the waste hierarchy, as well as the optimisation of waste management and the use of recycled materials;
- g. promote innovation through research and support for the development of new technologies and best environmental practices; and
- h. educate, train and engage Iberdrola's personnel, the members of its supply chain and other Stakeholders in environmental commitments and principles.

8. Implementation and Coordination of the Group-level Sustainable Development Strategy

The implementation, monitoring and supervision of the Group-level sustainable development strategy is the responsibility of the various companies of the Group in accordance with their corporate and governance structure defined in the Governance and Sustainability System, and particularly in the *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation*, and is put into practice respecting the principles of subsidiarity and decentralised management through the various committees that assume duties in the area of sustainable development and reputation. Specifically:

- a. The Company's Corporate Sustainable Development and Reputation Committee (or such committee as assumes the duties thereof at any time), which has the duties of defining the basic corporate lines of evolution of practices focused on the sustainable growth of the social dividend and improvement of reputation at the Group level, approving and monitoring the plans for development in both areas, being aware of the most significant advances, and cooperating in the preparation of the public information disclosed by the Company with respect to these areas.
- b. The sustainable development and reputation committees created within each of the country subholding companies in order to: promote compliance with the policies and guidelines approved in the various countries and territories in which the Group's companies operate, coordinate the corporate strategy among the various businesses carried out in each country and territory, and report to the Company's Corporate Sustainable Development and Reputation Committee (or such committee as assumes the duties thereof at any time) on the results achieved.
- c. The country subholding companies may also be linked to foundations, separated from the corporate structure, that implement and carry out in their respective countries and territories the sustainable development strategy entrusted thereto to the extent conforming to their foundational purposes and without prejudice to their autonomy and independence.

9. Foundations Committee and Foundations Linked to the Group

The Company has a Foundations Committee, an internal consultative body without executive duties created to ensure proper coordination between the foundations linked to the Group, which are responsible within their respective countries and territories for executing the sustainable development strategy designed by the Company's Board of Directors, to the extent that it conforms to their founding purposes and is entrusted thereto by the board of directors of the country subholding company with which they are connected, contributing to the generation of the social dividend and particularly to the achievement of the SDGs, all without prejudice to the independence of said entities for achieving their foundational purposes, with full functionality and autonomy.

The Board of Directors must approve internal rules governing the composition and duties of the Foundations Committee and, as to the latter, a Sustainable Development Master Plan that describes the Group-level strategic lines of action in the field of sustainable development to be carried out by the foundations connected to the Group.

Foundational entities to which the country subholding companies have entrusted the performance of general interest and sustainable development activities in accordance with this *Policy* may join the Foundations Committee.

The Foundations Committee reports to the Sustainable Development Committee on the annual activities programmes of the foundations and on their respective budgets, as well as on the conduct of general interest and sustainable development that are entrusted thereto by the country subholding companies.

This *Policy* was initially approved by the Board of Directors on 18 December 2007 as the *General Corporate Social Responsibility Policy* and was last amended on 19 December 2023.



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