Policy on Respect for Human Rights

28 April 2020

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The Board of Directors of IBERDROLA, S.A. (the “Company”) has the power to design, assess and continuously revise the Corporate Governance System, and specifically to approve the corporate policies, which further develop the principles reflected in the Purpose and Values of the Iberdrola group and the other rules of the Corporate Governance System, and which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the “Group”), as well as that of its shareholders, directors, officers and other professionals.

The corporate policies include sustainable development policies that are intended to ensure the alignment of all conduct of the Group with its purpose, i.e. to continue building together each day a healthier, more accessible energy model, based on electricity. Respect for human rights is one of the main pillars on which such the Group’s purpose rests and an aspect that is inextricably linked to the UN 2030 Agenda for Sustainable Development.

1. Purpose

The purpose of this Policy on Respect for Human Rights (the “Policy”) is to formalise the Group’s commitment to the human rights recognised in domestic and international legislation and to define the general and basic principles that the Group will apply for due diligence in the area of human rights pursuant to the Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the principles underpinning the United Nations Global Compact, Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, the conventions of the International Labour Organization (including convention 169), the Sustainable Development Goals (SDGs) approved by the United Nations, the Company’s Code of Ethics, as well as such documents and texts as may replace or supplement those mentioned above.

2. Human Rights Regulatory Framework

This Policy has been prepared taking into account the most demanding international standards and with the advice of independent experts.

It forms part of the Group’s regulatory framework on respect for human rights, which also includes:

a. The sustainable development policies, which cater to certain needs and expectations of the main Stakeholders, and particularly cover various issues relating to human rights, like occupational health and safety, equal opportunity and reconciliation, environment, climate change and quality.

b. The personal Data Protection Policy, which guarantees the right to protection of data for all natural persons who establish relations with the companies belonging to the Group, ensuring respect for the rights to reputation and to privacy in the processing of the various categories of personal data.

c. The Purchasing Policy, which includes the Group’s perspective on shared responsibility with its suppliers as regards respect for human rights.

Apart from what is already established in these policies and in the Corporate Governance System, the Group also explicitly makes the following commitments:

a. To reject child labour and forced or compulsory labour.

b. To respect freedom of association and collective bargaining.

c. To respect the right to freedom of movement within each country.

d. To not discriminate by reason of race, gender, religion or nationality.

e. To respect the rights of ethnic minorities and of indigenous peoples in the places in which it carries out its activities, and to favour an open dialogue that includes different cultural frameworks.

f. To respect the right to the environment of all of the communities in which it operates, considering their expectations and needs.

g. To understand access to energy as a right related to other human rights, working with public institutions in the implementation of systems for the protection of vulnerable customers and on plans to extend service to communities that lack access to energy.

3. Main Principles of Conduct

In order to achieve the objectives and commitments set forth above, the Group adopts and promotes the following basic principles, which must inform its activities in all areas:

a. Identify potential impacts on human rights that the business operations and activities performed by the Group, either directly or through third parties, might cause.

b. Have a due diligence system that identifies situations and activities with a higher risk of violating human rights, in order to develop mechanisms for the prevention and mitigation of such risk and redress the impacts if they occur.

c. Evaluate the effectiveness of the due diligence system on a regular basis using monitoring indicators, with a special focus on those centres of activity in which there might be a higher risk of violating human rights. The evaluation will rely on the Group’s internal control systems.

d. Report the results of the evaluation in its annual public information, available on the Company’s corporate website.

e. Advance a culture of respect for human rights and promote awareness-raising in this field among its professionals within all companies of the Group.
f. **Have in place reporting and grievance mechanisms**, equipped with adequate guarantees and settlement procedures, in order to respond to potential violations of human rights. These mechanisms must be sufficiently communicated both to the professionals of the Group and to persons and organisations outside of the Group. To this end, appropriate internal reporting procedures regarding the issues communicated shall be defined in order to allow for an evaluation of the due diligence systems and of the results obtained.

g. **Adopt such measures as may be applicable in the event of detecting any violation of human rights** at the facilities of the Group or of its suppliers, and report thereon to the competent government authorities in order for them to take any appropriate action if such violation may amount to an administrative or criminal offence.

### 4. Relationship with Stakeholders

As to the relationship of Stakeholders with human rights, the following must be taken into account:

a. **Workforce**: The professionals of the Group must show strict respect for the human rights recognised under domestic and international law in the conduct of their activities in all countries in which the Group operates, and shall particularly endeavour to ensure compliance with this *Policy* and with the Group’s regulatory framework for human rights. All professionals of the Group are expected to act as a first line of defence for human rights, reporting any potential impact thereon or any breach of the Group’s corporate policies.

b. **Suppliers**: The suppliers of the Group must also show strict respect for the human rights recognised under domestic and international law in the conduct of their activities. The Company believes that its suppliers are a key ally for compliance with this *Policy*, and thus assume a shared responsibility with the Group. In particular, suppliers and their professionals must (i) adopt such measures as may be needed to eliminate all forms or types of forced or compulsory labour; (ii) expressly reject the use of child labour in their organisation; (iii) respect their workers’ freedom of trade association and right to collective bargaining by their professionals, avoiding all discriminatory practices in connection with employment and labour; and (iv) set the salaries of their professionals in accordance with applicable law, respecting minimum salaries, overtime and social welfare benefits.

c. **Shareholders**: Investor partners with operational control of facilities in which the Group has an interest must commit themselves to respecting the human rights recognised under domestic and international law.

### 5. Implementation and Update

The Company may draw on specialised external advice in order to conform the Group’s operating procedures to the principles set forth in this *Policy* and to monitor the *Policy* and update the text hereof.

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This *Policy* was initially approved by the Board of Directors on 17 February 2015 and was last amended on 28 April 2020.