



Shareholder Remuneration Policy



19 April 2021

1. Purpose	2
2. Scope of Application	2
3. Main Principles of Conduct	2
4. Levels of Shareholder Remuneration	2

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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**”).

In fulfilling 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 *Shareholder Remuneration Policy* (the “**Policy**”) and makes the corresponding proposals regarding the remuneration of its shareholders.

1. Purpose

The purpose of this *Policy* is to link shareholder remuneration to the profits of the Company.

2. Scope of Application

This *Policy* is of general application to the Company.

3. Main Principles of Conduct

The main principles of conduct on which this *Policy* is based are described below:

- a. Creation of shared sustainable value and improvement of profitability: the Group’s companies are committed to leading the creation of business value in a sustainable manner that leads to the achievement of a global result and overall profit, that allows for fair and appropriate remuneration of the groups related to their business activities and their institutional reality, while taking into account the social return on new investments, generating employment and wealth for society with a long-term vision that provides for a better future without compromising present results.

Within the framework of the foregoing and of the corporate interest, the Company takes specific and measurable financial and non-financial objectives into account in its strategic planning that always seek to improve profitability and to create value sustainably for the shareholders.

- b. Conformance to applicable legal provisions: the resolutions adopted by the shareholders at the General Shareholders’ Meeting and by the Board of Directors in implementation of this *Policy* shall in all cases observe applicable legal provisions and the provisions of the Governance and Sustainability System, and shall take into consideration the good governance recommendations in this area generally accepted in the international markets.
- c. Conduct of the Board of Directors: the Board of Directors shall propose to the shareholders at the General Shareholders’ Meeting those decisions within its purview that it deems most appropriate regarding the distribution of dividends, and shall approve the payment of interim dividends, where applicable.

It may also propose other forms of shareholder remuneration, including flexible remuneration systems (scrip dividend), share buy-back programmes for their redemption, increases in capital by means of scrip issues, and distributions in kind, etc., and shall decide the frequency with which they are to be provided.

4. Levels of Shareholder Remuneration

For so long as circumstances do not occur that justify a change thereof, the remuneration of the Company’s shareholders (pay-out), whatever the methods, must be sustainable, compatible with the maintenance of the Company’s financial strength and in line with that of companies having a similar business profile. Applying these standards, shareholder remuneration shall be between 65% and 75% of the net profit attributed to the Company, as controlling company, in its consolidated annual accounts.

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This *Policy* was initially approved by the Board of Directors on 23 October 2007 and was last amended on 19 April 2021