

*Annual report on the
compliance and effectiveness of
the Code for the Separation of
Activities of Iberdrola España
Group companies with regulated
activities in 2022*

Compliance Division

9 February 2023



Confidential

Table of contents

1. Introduction
2. Definitions
3. The separation of activities in the Governance of Iberdrola and sustainability system and the regulations of Iberdrola España
 - 3.1 General principles
 - 3.2 Code for the Separation of Activities
4. Management model
 - 4.1 Areas of decision-making and responsibility
 - 4.2 Bodies responsible for the administration and management of Regulated and Liberalised companies
 - 4.3 General supervision function
5. Specific measures taken to comply with the Code for the Separation of Activities
 - 5.1 Measures relating to the differentiation of the companies where Iberdrola España has a stake
 - 5.2 Measures relating to the provision of common services
 - 5.3 Organisational measures
 - 5.4 Measures aimed at protecting the functional independence of the individuals responsible for the management of the Regulated Companies
 - 5.5 Measures aimed at the protection of Commercially Sensitive Information
 - 5.6 Measures for the dissemination of the Code for the Separation of Activities
 - 5.7 Compliance Director
6. Conclusions of the evaluation process
7. Issuance of the annual report on the compliance and effectiveness of the *Code for the Separation of Activities of Iberdrola Group España companies with regulated activities in 2022*

ANNEXES

1. Introduction

Iberdrola, S.A. (“**Iberdrola**”), as a holding company, leads a group of companies that focuses its activities on the production, transmission, distribution and supply of electricity and is present in Spain, Portugal, United Kingdom, United States of America, Mexico and Brazil (the “**Iberdrola Group**” or the “**Group**”). The Iberdrola Group is structured on three levels that differentiate the functions of the companies that comprise it. Iberdrola, as a holding company, has the functions of defining the strategy, supervision and control of the Iberdrola Group as a whole. The sub-holdings are responsible for the organisation and coordination of the businesses in each country and their ordinary and effective management is attributed to the parent companies of the businesses. Iberdrola is the holder of the shares of the sub-holdings in each of the countries in which the Iberdrola Group operates. Each sub-holding groups, in turn, the shares or participations of the parent companies of the business in question.

There are five sub-holdings holding the capital of the parent companies of the energy businesses in the countries where the Iberdrola Group is present: Iberdrola España, S.A. (Sociedad Unipersonal) (“**Iberdrola España**” or the “**Company**”), Scottish Power Ltd., Avangrid, Inc. (“**Avangrid**”), Neoenergia, S.A. (“**Neoenergia**”) and Iberdrola México S.A. de C.V.

Furthermore, there is a sub-holding that groups the energy businesses of the Iberdrola Group in those countries that do not have their own sub-holding.

The Iberdrola Group has minority shareholders not only in the holding company, but also in some sub-holdings, such as Brazil's Neoenergia or the US Avangrid, which are listed on the secondary stock market.

Regarding these, the Group’s listed subholding companies have a special framework of enhanced autonomy which guarantees that the legitimate interests of their shareholders enjoy adequate protection and coexist harmoniously with the general interests of the Iberdrola Group and those of the shareholders of the holding company.

The sub-holdings also centralise the provision of common services to the corresponding head of business companies, always following applicable legislation and, specifically, the regulations related to the separation of regulated activities. All of them have their own human and material resources to autonomously perform the functions attributed to them by the Governance and sustainability system.

These regulations allow to carry out certain activities under the free competition regime, such as production and commercialisation (liberalised activities), to be carried out under a system of free competition, unlike others which, by their very nature, must be provided under a system of natural monopoly in accordance with the sector regulations, which include electricity distribution (regulated activities).

In relation to the above, the regulations applicable in the countries in which the Iberdrola Group is present require the legal and functional separation of the companies that perform regulated activities with respect to those that conduct a liberalised business, in order to guarantee transparent, non-discriminatory and efficient management of the electrical system.

The Iberdrola Group complies with said regulations, giving sub-holdings responsibility for enforcing compliance with the regulations for incompatible activities applicable in their respective countries.

In Spain, the Iberdrola España sub-holding, fully owned by Iberdrola, groups the interests in the different businesses that carry out energy-related activities in Spain (“Iberdrola España’s subsidiary companies”) in the head of business companies and is endowed with the own administration and management structure of the sub-holding companies of the Iberdrola Group, with its own Board of Directors and independent directors, executive officer, Audit and Compliance Committee, Internal Audit Division and Compliance Division.

According to the sector regime in force in the European Union¹, one same company cannot carry out regulated and liberalised activities, but different companies of the same group can, provided that certain criteria of independence in the management of regulated activities are observed, as happens in the group formed by Iberdrola España and its subsidiary companies.

Specifically, the requirements for incompatible activities in Spain are defined with regard to the electricity sector in article 12 of Electricity Industry Act 24/2013, dated 26 December, and in regard to the Hydrocarbon Sector, in article 63 of Hydrocarbon Industry Act 34/1998 of 7 October.

Companies that carry out regulated activities in Spain that have more than 100,000 customers must have a code of conduct that establishes the measures adopted for guaranteeing compliance with the cited independence standards and the specific obligations of employees in this area, and must also draw up an annual report for the same purpose.

This report, which will be submitted to the Ministry for Ecological Transition and Demographic Challenge and to the National Commission on Markets and Competition is used by Iberdrola España to report on compliance with the aforementioned obligations in the area of incompatible activities by the Group companies consisting of Iberdrola España and their subsidiary companies with regulated activities in Spain in 2022.

2. Definitions

- **Liberalised Activities:** the production and sale of electricity and gas, as well as the provision of energy charging services in Spain.
- **Regulated Activities:** the distribution and transmission of electricity, as well as the regasification, basic storage, transportation and distribution of gas in Spain.
- **Code for the Separation of Activities:** *Code for the Separation of Activities of the companies of the Iberdrola España Group with regulated activities* whose current version was approved by the Board of Directors of Iberdrola España on 15 October 2020.
- **Compliance Director:** fully independent position in charge of supervising and evaluating compliance with the obligations established in the Code for the Separation of Activities, in the performance of his/her duties as person responsible of the company’s Compliance Division.
- **Organisational Structures for the Daily Management of Liberalised Activities:** those committees or work groups of the Liberalised Companies that are entrusted with the day-to-day management and development of the activities in Spain:
 - Operation and maintenance of generation and marketing facilities and other assets

¹ Directive 2009/944/EC of the European Parliament and of the Council concerning common rules for the internal market in electricity, and Directive 2009/73/EC of the European Parliament and of the Council concerning common rules for the internal market in natural gas.

- necessary for undertaking their activities.
- Planning, construction, expansion, improvement and development of the assets necessary for undertaking their activities.
 - Negotiation, sale, invoicing and collection for electricity, both wholesale and supply to end users.
 - Contracting access to third-party installations as necessary for undertaking their activities.
- **Commercially Sensitive Information:** any specific information that is non-public, knowledge of which by the employees, managers or directors of the Liberalised Companies could provide these with a competitive advantage.
 - **Electricity Sector Act:** Law 24/2013 of 26 December on the Electricity Sector.
 - Hydrocarbons Sector Act 34/1998 of 7 October, on the Hydrocarbons Sector.
 - **Individuals Responsible for the Management of Regulated Companies²** 2: the members of the Board of Directors with executive powers and those responsible for the Regional Operational Departments that perform the following functions in Regulated Companies:
 - Operation and maintenance, planning, construction, expansion, improvement and development of the transportation, distribution and other assets necessary for undertaking their activities.
 - Reading and measurement of electric energy.
 - Installation, verification and supervision of facilities.
 - Application of appropriate consumer protection measures.
 - **Regulated Companies:** companies in the group formed by Iberdrola España and its subsidiary companies carrying out Regulated Activities.
 - **Liberalised Companies:** companies in the group formed by Iberdrola España and its subsidiary companies carrying out Liberalised Activities.

² Annex 1 includes the identity of the Persons Responsible for the Management of the Regulated Companies subject to the Code for the Separation of Activities.

⁴ Report on Compliance with the Code for the Separation of Activities

3. The separation of activities in the Governance of Iberdrola and sustainability system and the regulations of Iberdrola España

3.1 GENERAL PRINCIPLES

The *By-laws*, adopted by the Iberdrola General Shareholders' Meeting, the supreme governance body by means of which the rightful owners of Iberdrola express their wishes, constitute the core of its internal organisation and the basis on which Iberdrola has built its corporate governance system. The latter is a system of regulations guaranteeing the effective embodiment of the principles of the *Purpose and Values of the Iberdrola Group* in the form of a true regulatory system. It is constantly reviewed and updated in order to immediately adapt it to accommodate legislative changes and the most demanding international standards.

The Iberdrola Governance and sustainability system is made up of the *By-laws*, the *Purpose and Values of the Iberdrola Group*, the *Code of ethics*, the *General sustainable development policy*, the *Stakeholder engagement policy* and the *Corporate policies*, the rules of governance of the corporate bodies and internal committees, as well as the internal codes, regulations and procedures that configure and develop the regulatory compliance system of the Iberdrola Group and that are approved by the competent bodies of Iberdrola. The Governance and sustainability system includes the following commitments and guarantees regarding incompatible activities:

- Iberdrola and the Iberdrola Group assume the legally established commitments in relation to the legal and functional separation of the Regulated Companies (section 3.b of the *General Corporate Governance Policy*).
- The following functions are conferred to the Board of Directors of Iberdrola, within its competencies related to the general duties of supervision, organisation and strategic coordination of the Iberdrola Group:
 - To ensure that sub-holdings assure compliance with the regulations for the separation of regulated activities in their respective jurisdictions (Article 13.8.B) i) of the *Regulations of the Board of Directors*).
 - Adapt the structure of the Iberdrola Group to the legal requirements applicable in the jurisdictions in which they carry out their activities, and specifically as regards to the system of separation of regulated activities that is applicable in each jurisdiction (article 7.e) of the *Policy for the definition and coordination of the Iberdrola Group and foundations of corporate organisation*).
- Article D.18. of Iberdrola's *Code of Ethics*, applicable to all professionals in Iberdrola Group companies, regardless of their hierarchy level, establishes the obligation to respect the industry regulations regarding incompatible activities and it expressly establishes, among others, the following specific obligations in the area of incompatible activities:
 - Ensure the independence in the day-to-day management of Regulated Companies and of those responsible for the management thereof, avoiding the participation of Liberalised Companies in the day-to-day management thereof, without prejudice to the Iberdrola Group's powers of economic oversight and management over such companies.

To such end, the Iberdrola Group companies shall ensure that Regulated Companies have

the human, material and financial resources that are adequate and necessary to carry out their day-to-day activities.

- Ensure the independence and protection of the professional interests of the persons responsible for the management of Regulated Companies, as well as those of the workers who, by virtue of the applicable legislation, deserve special protection due to their duties.
- Take appropriate measures to ensure the protection of Commercially Sensitive Information of Regulated Companies that might give a competitive advantage if known by Liberalised Companies.

In this regard, Regulated Companies may not share commercially sensitive information with Liberalised Companies, except where permitted by applicable laws and regulations or disclosed to third parties, in which case such information shall be shared under non-discriminatory conditions.

- Ensure that all activities of Regulated Companies are carried out following objective and non-discriminatory standards, avoiding any preferential treatment of Liberalised Companies or their customers.
- Keep the books of Regulated Companies and of Liberalised Companies separately, as provided by applicable laws and regulations in each country.

Moreover, the Iberdrola Group companies shall ensure that economic transactions relating to, among other things, the transfer of resources, assets, rights and/or contracts, if any, made between Regulated Companies and the other companies in the Iberdrola Group, as well as the provision and receipt of services common to both types of company, observe the specific regulations established in each jurisdiction regarding the conditions governing such transactions.

- The companies with the Iberdrola Group guarantee that all the codes or similar internal rule-making instruments referring to compliance of separation of activities rules are disseminated among the professionals and executive team of the Group in the respective jurisdictions where they apply. Moreover, they will be disseminated externally, in particular, through the websites of the companies of the Iberdrola Group.

With regard to the internal regulations of Iberdrola Spain, in addition to the specifications of the Code for the Separation of Activities outlined in this report:

- The By-laws of Iberdrola España contain, among other things, the following provisions regarding the separation of activities:
 - The Company's Board of Directors is responsible for disseminating, implementing and ensuring compliance with the policies, strategies and guidelines of the Iberdrola Group, facilitating coordination with its companies, and enforcing the regulations on the separation of regulated activities in Spain, preserving the autonomous decision-making capacity in each one and observing the requirements imposed on their directors by law and by the corporate governance system, in the interest of all the Group companies (article 18 of the By-laws).
 - It is the responsibility of the Company's Board of Directors to approve the Code for the Separation of Activities and any changes (article 18 of the By-Laws).
- The Audit and Compliance Committee of Iberdrola España in accordance with Article 3.2.j) of the *Regulations of the Audit and Compliance Committee of Iberdrola España* shall:
 - Issue a preliminary opinion on the reports compiled in the area of separation of regulated activities and, particularly, on this annual report prepared by the Compliance Director as set out in article 20 of the Code for the Separation of Activities, for submission to the Board of Directors for their information.
 - Report in advance the modifications of the Code for the Separation of Activities.
 - Report in advance on agreements concerning the appointment and removal of directors of the Iberdrola Group's Regulated Companies in Spain, ensuring the suitability of the proposed candidates for the effective independence of the management of said Regulated Companies.

- It is the responsibility of the Compliance Division to ensure effective compliance with the regulations applicable to incompatible activities (Article 4.1 g) of the *Regulations of the Iberdrola España Compliance Division*). Furthermore, the Compliance Director must perform the duties conferred upon them by the Code for the Separation of Activities of the companies in the with regulated activities and, particularly, supervise and assess compliance with the obligations established therein and prepare the annual report referred to in Article 20 (article 4.3 of the *Regulations of the Iberdrola España Compliance Division*).

3.2 CODE FOR THE SEPARATION OF ACTIVITIES

Pursuant to the provisions of article 12.2 of the Electricity Sector Act and article 63.4 of the Hydrocarbons Sector Act, the Board of Directors of Iberdrola España, in a meeting held on 15 October 2020, approved the current Code for the Separation of Activities³.

According to the provisions of article 3 of the Code for the Separation of Activities, it is applicable:

- to all directors, managers and employees of the Regulated Companies of the Group that carry out activities in Spain, regardless of their hierarchical level (except those from electricity distribution companies of the Group with less than 100,000 customers connected to their grids, as established by article 12.4 of the Electricity Industry Act); and also
- to the directors, officers and employees of Liberalised Companies in Spain to the extent that they are affected by applicable regulations regarding the separation of activities.

In particular, in 2022, the only Regulated Company subject to the Code for the Separation of Activities is I-DE Redes Eléctricas Inteligentes, S.A.U., (Sociedad Unipersonal) (“i-DE”), since it is the only company in the group formed by Iberdrola España and its subsidiary companies carrying out Regulated Activities with more than 100,000 customers connected to its networks.

i-DE is the head of business company of the Networks business in Spain, notwithstanding the fact that it is Iberdrola Redes España, S.A.U., (Sociedad Unipersonal) (“**Iberdrola Redes España**”), subsidiary of Iberdrola España, the company that groups the participation of all the companies whose purpose is the distribution of energy in this country

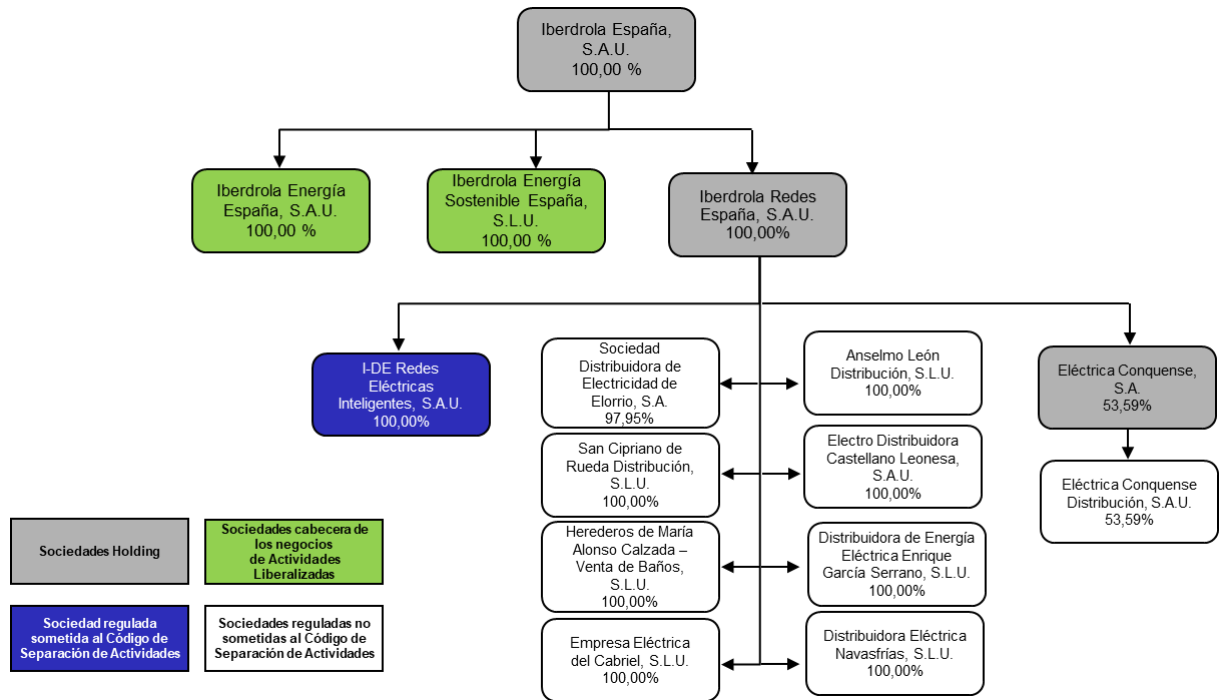
i-DE adopted the current Code for the Separation of Activities approved by the Board of Directors of Iberdrola España on 15 October 2020, at its Board of Directors meeting of 10 December 2020, in accordance with the provisions of its article 15.2.

As regards the Liberalised Companies, Iberdrola Energía España, S.A.U., (Sociedad Unipersonal) (“**Iberdrola Energía España**”) is the head of business company of the retail business, both in Spain and abroad, which manages gas wholesale retail and energy management activities. In turn, the company is the owner of the companies Iberdrola Cogeneración, S.L.U., (Sociedad Unipersonal), whose activity is limited to electrical cogeneration, Iberdrola Clientes, S.A.U., (Sociedad Unipersonal), which gathers the retail energy sales activity in Spain, and Iberdrola Clientes Internacional, S.A.U., which groups the stake in foreign companies carrying out retail and electrical energy purchase activities in the jurisdictions where the company is present.

On the other hand, the production of renewable energy is carried out through Energía Sostenible España, S.L.U., (Sociedad Unipersonal) (“**Iberdrola Energía Sostenible**”).

The chart below shows the Iberdrola España Group's head of business companies that carry out Liberalised Activities and the companies that carry out Regulated Activities in Spain, specifying the Regulated Company that is subject to the Code for the Separation of Activities.

³ The Code for the Separation of Activities is published on the respective web pages of I-DE, Redes Eléctricas Inteligentes, S.A.U. and Iberdrola España.



4. Management model

4.1 AREAS OF DECISION-MAKING AND RESPONSIBILITY

The Governance and sustainability system provides for a business model that combines a decentralised decision-making structure based on the principle of subsidiarity, with robust coordination mechanisms that ensure the overall integration of all the Group's businesses, the whole underpinned by an effective system of counterweights that prevents management power from being concentrated in any one governing body or person.

The Iberdrola Group's corporate structure and governance model provide for a separation between the central functions of defining Iberdrola's strategy and overseeing it and the executive responsibilities decentralised in the Iberdrola Group companies.

In accordance with the provisions of the *Policy for the definition and coordination of the Iberdrola Group and bases of the corporate organisation* the governance model of the Iberdrola Group is defined on the bases indicated below that duly differentiate, on the one hand, the functions of ordinary management and effective management and, on the other, those of supervision and control⁴:

- a. The Board of Directors of Iberdrola
- b. Chairperson of the Board of Directors
- c. Chief Executive Officer
- d. Sub-holding companies: Sub-holding companies have boards of directors with independent directors, with executive officers, with their own audit and compliance committees, and with internal audit compliance units or divisions.
- e. Listed subholding companies
- f. Business parent companies

In order to facilitate the orderly exercise of the functions inherent to its status as an Iberdrola Group holding entity, Iberdrola's Board of Directors establishes a series of mechanisms that allow the exchange of the necessary information for the strategic coordination of the activities carried out by the different sub-holdings and business parent companies, without prejudice to their decision-making autonomy and the requirements imposed on their administrators by law, as well as those derived from the Governance and sustainability system, in the interest of all the companies in the Iberdrola Group and with respect to the framework of reinforced autonomy for the listed sub-holding.

4.2 BODIES RESPONSIBLE FOR THE ADMINISTRATION AND MANAGEMENT OF REGULATED AND LIBERALISED COMPANIES

Both i-DE and Iberdrola Energía España and Iberdrola Energía Sostenible are endowed with the administration and management structures of the head of business companies of the Iberdrola Group's businesses.

⁴ The Policy for the definition and coordination of the Iberdrola group and foundations of corporate organisation is published on the corporate website www.iberdrola.com and can be downloaded from the following link: https://www.iberdrola.com/documents/20125/41914/policy_definition_coordination.pdf

As such, on 22 December 2009, the Board of Directors of i-DE was established, with its independent directors, and a chief executive officer was appointed, to whom all managers and employees of this Regulated Company ultimately report. i-DE has had its own Audit and Compliance Committee and Internal Audit Division since 22 December 2009. It also has its own independent Compliance Division linked to the Audit and Compliance Committee of the Board of Directors.

On the other hand, both Energía España and Iberdrola Energía Sostenible have their own Board of Directors, with independent directors, which have appointed their own executive officers. Furthermore, they have their own independent Compliance and Internal Audit Divisions, linked to their Boards of Directors.

4.3 GENERAL SUPERVISION DUTIES

Under the Code for the Separation of Activities, Iberdrola España, as a subholding company, has the power to supervise the economic affairs and management of Regulated Companies and of the remaining companies that make up the group consisting of Iberdrola España and its subsidiary companies.

In the exercise of said powers, the Board of Directors of Iberdrola España has approved the annual budgets corresponding to 2022, ensuring the effective separation of the regulated activities and the compliance with the legally established independence criteria included in the income, expenditure and investment forecasts of all the businesses and companies in the Iberdrola España Group for 2022, including the annual financial plan and the debt limits of the Regulated Companies.

5. Specific measures taken to comply with the Code for the Separation of Activities

To ensure the effective functional separation of the Regulated Companies from the Liberalised Companies and to comply with the legally established independence standards, the Group consisting of Iberdrola España and its subsidiary companies has adopted the measures established in the Code for the Separation of Activities, which are detailed below.

The Compliance Director has made an objective and independent analysis of the observance of said measures to verify compliance with the Code for the Separation of Activities.

5.1 MEASURES RELATING TO THE DIFFERENTIATION OF THE COMPANIES WHERE IBERDROLA ESPAÑA HAS A STAKE

In compliance with the provisions of Title II regarding "Legal separation of activities" in the Code for the Separation of Activities, the companies in the group consisting of Iberdrola España and its subsidiary companies maintain an effective legal and corporate separation of Regulated and Liberalised Activities. Regulated Activities and Liberalised Activities are done by different companies⁵.

The Regulated Companies, in conformity with article 6 of the Code for the Separation of Activities, maintain sufficiently differentiated names with respect to the Liberalised Companies.

⁵ Attached as Annex 2 is a citation to the corporate purpose of the Regulated Company i-DE taken from its By-Laws.

Likewise, i-DE does not hold shares in companies that carry out Liberalised Activities, but only participates in economic interest groups that carry out activities in activities auxiliary to those of i-DE⁶.

5.2 MEASURES RELATING TO THE PROVISION OF COMMON SERVICES

In conformity with the provisions of article 7 of the Code for the Separation of Activities, Regulated Companies and Liberalised Companies may benefit from common services provided both internally and externally. In the case of exterior common services, due measures must be taken so that the following are avoided at all times: (i) confusion between Regulated and Liberalised companies; and (ii) the promotion of Liberalised Companies by Regulated Companies. In all cases, in the provision of common services, the distribution of costs and the provision of services is carried out in accordance with objective and transparent market criteria, thereby avoiding any discrimination, subsidy, or competitive advantage.

During 2022, common support and assistance services were provided to the companies belonging to the group consisting of Iberdrola España and its subsidiary companies under a framework service provision agreement to which various companies in the Group subscribed in 2016, including i-DE, and in which the specific services that would be the object of provision were decided for each company.

The agreements signed for those purposes expressly guarantee the effective decision-making capacity of the Regulated Companies regarding the services whose management is entrusted to Iberdrola España and it is also expressly provided that the rules of the Code for the Separation of Activities are considered part of the contractual content without the possibility that the rights and duties arising from the framework services contract become effective in terms that contradict or prejudice said rules.

Likewise, on 3 February 2015 i-DE signed a framework collaboration agreement between the Company, Iberdrola and the Fundación Iberdrola España (formerly Fundación Iberdrola) on 22 December 2014 to carry out the activities assigned to the aforementioned foundation.

In this agreement, it is expressly stated that this company will in all cases respect the obligations of i-DE as a Regulated Company in the Iberdrola España Group and its subsidiary companies, as specified in its legal and functional separation, guaranteeing independence in its daily management and in that of the supervisors, all under the terms and conditions established in both the current legislation on the matter and in the Code for the Separation of Activities.

5.3 ORGANISATIONAL MEASURES

The governance model of the Group is established in an organisational structure, by virtue of which none of the Individuals Responsible for Management of i-DE participate in organisational structures of the Group or in the administrative bodies thereof which are directly or indirectly responsible for the day-to-day management of Liberalised Activities.

The scope of decision of the governing bodies of the Regulated Companies spreads to all matters that are not expressly attributed to the sole shareholder. For clarification purposes, the powers of Iberdrola España as sole shareholder of Iberdrola Redes España, or those of Iberdrola Redes España as sole shareholder of i-DE, in no case allow interference in the management of the Regulated Companies, which maintain their independence in this area both with respect to these and other Group companies belonging to the group consisting of Iberdrola España and its subsidiary companies.

⁶ Attached as [Annex 3](#) is a descriptive table of the participation of i-DE in economic interest groupings that carry out activities in support of those of said Regulated Company.

In accordance with this competency framework, it is the responsibility of the Regulated Companies to establish their own organisational structure independent from the rest of the Iberdrola España Group companies, including the appointment of the Individuals Responsible for Management, as well as the structure of powers necessary for carrying out the management of their activities.

At 31 December 2022, the workforce of i-DE was 3,204 employees, with 157 new hires during 2022 based on the Iberdrola Group's selection policies, regulations and procedures, which were applied in accordance with the specific profiles of the job positions defined for Regulated Companies.

5.4 MEASURES AIMED AT PROTECTING THE FUNCTIONAL INDEPENDENCE OF THE INDIVIDUALS RESPONSIBLE FOR THE MANAGEMENT OF THE REGULATED COMPANIES

In order to ensure that the independence of i-DE is fully effective, the legal representation of this company is expressly attributed to both the Board of Directors and, if applicable, its executive officer (article 16 of the By-laws i-DE).

In accordance with the Code for the Separation of Activities approved by Iberdrola España in force, agreements concerning the appointment and removal of independent directors of i-DE can only be adopted upon a report from the Company's Audit and Compliance Committee, who shall ensure the suitability of the proposed candidates for the effective independence of the management. This provision is also contained in the *Regulations of the Audit and Compliance Committee and in the By-laws of Iberdrola España*.

The remaining Individuals Responsible for the Management have been appointed by the Board of Directors of i-DE and possess sufficient authority for the performance of their functions in line with the contents of the powers granted in their favour, which are duly registered in the Companies Registry, allowing them to exercise an effective decision-making capacity independent of the Iberdrola España Group and its subsidiary companies.

Additionally, according to the documentation sent to the Compliance Director by the Individuals Responsible for the Management of i-DE, it is stated that none of them directly or indirectly holds shares in Liberalised Companies.

Article 39.1 of i-DE's By-Laws sets that the fix remuneration to be received by any of the members of the Board of the Company based on their circumstances and duties assigned may not, at any point, be linked to the management of other Iberdrola Group companies that carry out liberalised activities.

Additionally, it has been objectively and independently verified that the remuneration of persons responsible for the management is fixed according to the criteria guaranteeing their independence.

In 2022, none of the Individuals Responsible for the Management of i-DE's Management participated in the Organisational Structures for the Daily Management of Liberalised Companies.

The termination or dismissal of the Individuals Responsible for the Management of Regulated Companies subject to the Code for the Separation of Activities may in no case be based on causes that originate in the compliance by the affected party with the rules contained in the Code for the Separation of Activities. In 2022 twelve employees of i-DE were dismissed, who were not Individuals Responsible for the Management of this company, nor was this due to compliance with the Code for the Separation of Activities.

5.5 MEASURES AIMED AT THE PROTECTION OF COMMERCIALY SENSITIVE INFORMATION

Under the provisions of section 14.2 of the Code for the Separation of Activities, i-DE and its employees, directors and administrators are prohibited from sharing Commercially Sensitive

Information with Liberalised Companies or their staff.

In addition, article 30.1 of i-DE's By-Laws expressly impose upon its members of the Board the obligation to "observe their confidentiality duties provided in the Code for the Separation of Activities".

With the aim of exactly and always identifying the scope of the Commercially Sensitive Information handled by i-DE, it will select this information and adopt the measures necessary for maintaining its confidentiality. In particular, Commercially Sensitive Information includes, among other, all information related to the identification of the customer, their economic activity, current and historical information on access contracts, the consumption information associated with each of the supply points and, in particular, the hourly values of consumption in those supplies they have, the invoices sent to the customers, the historical information of the customers' debt, their claims, and information about the requests of new customers, provided that this information could be a competitive advantage for Liberalised Companies.

i-DE has designated a system administrator for each of the systems that contain Commercially Sensitive Information (the "**System Administrators**"), in particular the Supply Point Information System (SIPS) and the Remote Management System (STG)⁷.

The System Administrators are responsible for the following functions in their capacity in safeguarding Commercially Sensitive Information:

- Preparing the corresponding security document, which is mandatory for all personnel with access to Commercially Sensitive Information and includes the following aspects: its scope, measures, standards, procedures and rules aimed at ensuring the level of security required by current regulations, staff functions and obligations; the structure of the files; procedures for notification, management and response to incidences; and the procedures for backing up and recovering data (the "**Security Documents**").
- Having an updated list of users with authorised access.
- Restricting access to this information by expressly authorised persons.
- Establishing identification procedures for access to Commercially Sensitive Information.
- Defining, assigning and periodically reviewing the access profiles to the Commercially Sensitive Information based on the specific needs of each employee for the correct performance of their functions.

The Security Documents have been made known to all personnel within their respective fields of application.

Therefore, as soon as i-DE accesses the Commercially Sensitive Information, the treatment provided in the Separation of Activities Code for preventing the Liberalised Companies of the Iberdrola Group from accessing Commercially Sensitive Information is applied in a different way than for competitors.

It has been objectively and independently verified that the controls set in the aforementioned Security Documents were in force and operational in 2022.

In 2022, a total of 22 i-DE employees were transferred to other Iberdrola Group companies and they are subject to the confidentiality obligations provided in article 14.9 of the Code for the Separation of Activities.

5.6 MEASURES FOR THE DISSEMINATION OF THE CODE FOR THE SEPARATION OF ACTIVITIES

⁷ Annex 4 specifies the identity of the Systems Administrators.

The current version of the Code for the Separation of Activities approved by the Board of Directors of Iberdrola España on 15 October 2020 is available on the respective employee portals and corporate websites of the Company and The employees i-DE informed by email of the new versions of the Code for the Separation of Activities.

Additionally, in 2022 specific training activities were undertaken in the area of separation of activities in which 125 i-DE employees participated.

All new i-DE employees receive training in the area of separation of activities.

5.7 THE COMPLIANCE DIRECTOR

In accordance with article 17 of the Code for the Separation of Activities, the Compliance Director⁸ is responsible for monitoring and assessing compliance with the obligations established in the standard. The Compliance Director is fully independent and has sufficient powers to properly perform their duties.

The Compliance Director is governed in their work by the *Regulations of the Compliance Division* approved by the Board of Directors of Iberdrola España, which is posted on its corporate website and on the Iberdrola España employee portal.

There are specific measures that contribute to enhancing the independence of the Compliance Director:

- The Compliance Director's replacement or dismissal may not, under any circumstances, be based on grounds originating in the performance of the duties conferred by the Code for the Separation of Activities (Article 17.2 of the Code).
- Their separation and appointment correspond directly to the Company's Board of Directors, after a report from the Audit and Compliance Committee (article 2.2 of the *Iberdrola España Compliance Division Regulations*).
- The granting of the powers necessary to properly perform their functions and their independent nature are provided for (article 2.1 of the *Iberdrola España Compliance Division Regulations* and article 17.1 of the Code for the Separation of Activities).
- They will have access to all information, documents and offices of the Group consisting of Iberdrola España and its subsidiary companies as necessary for the proper performance of their functions. In this regard, all professionals and administrators of these companies must provide the Compliance Division with the collaboration required for the proper exercise of their functions (Article 9.1 of the *Iberdrola España Compliance Division Regulations* and Article 17.3 of the Code for the Separation of Activities).

The Audit and Compliance Committee shall ensure that the Compliance Division has sufficient material and human resources to undertake its duties, while guaranteeing its independence and effectiveness. The structure of this Division is defined by the Compliance Director, under the principles of independence and efficiency in management (Article 2.5 of the *Iberdrola España Compliance Division Regulations*).

⁸ Annex 5 specifies the identity of the Compliance Director.

6. Conclusions of the evaluation process

The Compliance Director has had access to all the information and documentation necessary for the preparation of this report.

As a result of this and of the conclusions included in this report, it is duly accredited that the Group consisting of Iberdrola España and its subsidiary companies complied properly with the measures established in the Code for the Separation of Activities in 2022.

7. Issuance of the annual report on the compliance and effectiveness of the *Code for the Separation of Activities of Iberdrola España Group companies with regulated activities in 2022*

Based on the evaluation referred to in the previous section, the Compliance Director issues this report, the content and results of which the i-DE Board of Directors is reported.

The Board of Directors of Iberdrola España took note of the aforementioned report at its session of xx February 2023, following the previous favourable opinion issued by its Audit and Compliance Committee on 9 February 2023.

ANNEX 1

Persons Responsible for the Management of the Regulated Companies subject to the Separation of Activities Code

Name	Position
Ms. Eva Mancera Flores	Chief executive
Mr. Efigenio Golvano Sacristán	Centre region Director
Mr. José María Grijalba Merino	North region Director ⁹
Mr. Francisco Javier Arriola Alcívar	
Ms. Ana Lafuente González	East region Division Manager
Mr. Óscar Villanueva Moreno	West region Division Manager

⁹ Mr. José María Grijalba Merino resigned from his post on 10 December 2020, and was replaced by Mr. Francisco Javier Arriola Alcívar, was appointed for such position by means of the resolution of the Board of Directors of i-DE on 20 April 2022.

ANNEX 2

Corporate purpose of the Regulated Company subject to the Code for the Separation of Activities

Company	Corporate purpose (article 2 of the <i>By-laws</i>)	Registered office
i-DE REDES ELÉCTRICAS INTELIGENTES	<p>The performance of all types of activities, work and services for or relating to the business of transmission, distribution and third-party access to the electricity grid, subject, as the case may be, to the provisions of laws applicable at any given time to the electricity sector.</p> <p>The activities mentioned above shall be performed in Spain, either directly, wholly or in part, by the i-DE Redes Eléctricas Inteligentes or indirectly via the ownership of shares or stakes in other companies with identical or similar purposes.</p>	Avenida San Adrián 48, Bilbao (Vizcaya), 48003

ANNEX 3

Participation by the Regulated Company subject to the Code for the Separation of Activities in economic interest groupings

Company	Subsidiary entities	Stake percentage
i-DE REDES ELÉCTRICAS INTELIGENTES	INKOLAN Información y Coordinación de Obras, A.I.E.	14.29 %
	Oficina de Coordinación de Obras de Valencia, A.I.E. (OCOVAL)	16.66 %

ANNEX 4

System Administrators of the Regulated Company subject to the Code for the Separation of Activities

System	System Administrator
Supply Point Information System	Mr. Víctor Acha Echevarría
Remote Management System	Mr. Javier Mateo Arenas

ANNEX 5

Compliance Director of Iberdrola España

Company	Compliance Director
Iberdrola España	Mrs. Zaloa Lesta Sobrino