



Introduction to Book Five - Corporate Governance

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.



1. The Governance and Sustainability System constitutes the internal regulatory framework for the Company and is established in the exercise of the corporate autonomy that the law supports to ensure the realisation of its purpose and its values and the achievement of its business ends and goals through its rules.

The corporate policies of the Iberdrola group, incorporated by the Board of Directors of Iberdrola España into its Governance and Sustainability System, are characterised by their development, conjunction, and extension, as well as by their function to link and specify the ideological and axiological content of their purpose and values in guidelines and criteria for action that rationalise management decisions and constitute an essential part of the Governance and Sustainability System.

2. They therefore involve a positive limitation of the necessary discretion that the directors and professionals of the Iberdrola group must have in the performance of their duties, thereby defining safe lines of action within the framework of the respect for and observance of human rights, the contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations, the compliance with ESG requirements and with the goals established by the Paris Agreement and the 2030 Agenda for Sustainable Development of the United Nations, which, if adhered to, can lead to the *prima facie* presumption of approval for and suitability of the corresponding actions with the *Purpose and Values of the Iberdrola group* and Iberdrola's corporate interest, whose materialisation and fulfilment they contribute to.
3. Due to the structure and organisation of the Iberdrola Group as well as its international nature in the production and distribution of energy and unquestionable economic and social relevance, guided by the purpose and values that identify it, the corporate governance and compliance policies and rules, which are intended to give effect to the *Iberdrola Group Purpose and Values* through the alignment of the corporate decision-making bodies belonging to the different group companies with its sustainability goals, are particularly significant in the internal organisation of its companies.
4. The decisions on strategy and supervision, on administration and management and the development of the business, the Company and the other companies of its Group thus serve to achieve their goals in the most efficient way.
5. The policies and rules contained in this Book Five of the Governance and Sustainability System are structured into three categories: (i) corporate governance and regulatory compliance policies; (ii) risk policies; (iii) rules on governance of the corporate decision-making bodies and other functions.
6. The corporate governance and regulatory compliance policies, which are included within the Iberdrola Group's global sustainable development strategy, play a fundamental role in its internal organisation and the correct performance of the Company's activity, which is not limited to its corporate dimension, namely, as a *sub-holding* company of a multinational group of companies, (where the functions of strategy, supervision and control of the overall Group, the organisation and coordination of the businesses of each territory and the day-to-day administration and management are differentiated), but it also includes its reality as an integral and inclusive company committed to all of its stakeholders, especially, to the extent relevant here, to its professionals and in observance of the legal and ethical framework within which it must unequivocally conduct itself.
7. Risk policies, for their part, are those referring to preventive and mitigating action for all risks affecting the realisation of the Iberdrola group's broad and ambitious business project, and which are therefore significantly developed, covering a wide range of matters and actions and establishing criteria for a multiplicity of risks, from corporate risks to business risks, including financial risks, risks associated with security, and reputational risks, amongst others.
8. The governance rules of the corporate decision-making bodies and other internal functions establish the rules of operation of the main corporate decision-making bodies of [Company name], in accordance with its nature and characteristics as a *sub-holding* company. Based on the corporate configuration of the Iberdrola Group contained in the *Articles of Association* and always with a view to correct compliance with and implementation of the *Iberdrola Group Purpose and Values*, these rules meet the primary goal of regulating the most appropriate levels and most suitable procedures for the correct operation of the Company and its bodies, defining the composition, powers and operating regime, as well as the rights, duties and obligations of their members, amongst other aspects.
9. For both its own conduct as well as that of the people connected with it, Iberdrola España aspires to be consistent with and conform to not only the requirements or demands established by applicable rules and laws, but also, beyond this minimum required level, to the entirety of its own Governance and Sustainability System, which includes the best practices generally accepted in the international markets in the areas of good corporate governance and transparency.



10. The corporate governance, regulatory compliance and risk policies, as well as the rules of governance of the corporate bodies and other functions are binding, insofar as applicable, on the corporate bodies and other internal committees of the Company, its directors, its professionals and, in general, on all persons who may be validly bound by them or, as the case may be, act or interact with the Company.
11. Like the rest of the Governance and Sustainability System, the policies and rules contained in this fifth book are subject to a process of continuous review, adaptation and constant improvement in order to update them to the context in which the Company and the Iberdrola group carry out their business activities, the applicable law and the best applicable practices.

In Bilbao, on 15 July 2021.

The Board of Directors of Iberdrola España S.A. Unipersonal (Sole Shareholder Company).