

## GOVERNANCE AND SUSTAINABILITY SYSTEM

### INTRODUCTION TO CHAPTER FIVE - CORPORATE GOVERNANCE

1. The Governance and the Sustainability System constitutes the Company's own internal regulatory system. It is autonomously established by the Company as its own set of rules defining the company's corporate identity as a going concern, its purpose and values, and its business strategies and objectives.
2. The Iberdrola Group's corporate policies, as adopted by the Company into its Governance and Sustainability System characteristically aim to consistently and clearly connect the relevant themes in the stated purpose and values to the appropriate action guidelines and criteria prescribed in relation to matters that are identified as generally or specifically important to the decision-making and management of the Company, as befits a mature corporate governance system.
3. The corporate policies thus entail a sensible limitation of the discretion that Iberdrola Group directors and employees may exercise in the performance of their duties, i.e. within a framework of respect and observance of human rights, the contribution to the achievement of the United Nations' Sustainable Development Goals (**SDGs**), compliance with Environment, Social and Governance (**ESG**) requirements, goals established by the Paris Agreement and the 2030 Agenda for Sustainable Development. It is implicit that any action taken in adherence to these will carry a *prima facie* assumption of suitability and approval pursuant to the *Purpose and values of the Iberdrola Group* and Iberdrola's corporate interest which is shared by all members of the Iberdrola Group since they are defined to contribute to and fulfil the same aims.
4. It is a key aim of the Company for its own conduct as well as that of the people connected therewith to be consistent with and conform to not only the requirements or demands established by applicable rules and laws, but also, beyond this minimum requirement, to the entirety of its own Governance and Sustainability System, which includes the best practices generally accepted in the international markets in the area of good corporate governance, compliance and transparency.
5. They are, therefore, of direct relevance to the internal organisation of the Company, not only because of the above, but also because of its structure and organisation, its international nature and reach, and its position as a country subholding company of the group.
6. The policies and rules contained in this chapter five of the Company's Governance and Sustainability System are structured into three parts: (i) corporate governance and regulatory compliance policies; (ii) risk policies; and (iii) rules on governance of the corporate decision-making bodies and of other functions and internal committees.
7. The corporate governance and compliance policies play a critical role in the internal organisation and the intended performance of the Company. Within the framework of the law, ethical principles and the Articles, they define the directives and guidelines for conduct in which the purpose and values of the Iberdrola Group and the sustainable development strategy take shape, and guide the conduct of the shareholders, directors and professionals of the Company and its subsidiaries to which they apply and its commitment to the Stakeholders. They also reflect the Company's effective, autonomous, independent and robust Compliance System, ethical principles, and provisions for the ongoing monitoring and correction of improper conduct and acts that are illegal or contrary to the Governance and Sustainability System.
8. The Risk policies are those which provide for actions to prevent or mitigate all risks which affect the performance of the Iberdrola Group's broad scope of business. They consequently extensively deal with and cover a wide range of issues and conduct and establish standards regarding a broad range of risks, e.g. corporate risks, business risks including financial risks, security risks and reputational risks.
9. The governance rules of the corporate decision-making bodies and of other internal functions establish the rules of operation of the main corporate bodies of the Company and its Group, in accordance with its status and structuring as a sub-holding company. In terms of the Company's position within the wider corporate structure of the Iberdrola Group (as further described in the *Terms of Reference of the Board of Directors of the Company*), and taking into account the underlying requirement to comply with and implement the *Purpose and Values of the Iberdrola Group*, these rules regulate and provide for the best compliance with and implementation by the Company of those policies as they relate to its internal governance bodies (including the Board of Directors) and committees. They define the establishment, composition, organisation,

powers and operating guidelines of those bodies, amongst other things, as well as the powers, duties and obligations of their members.

10. The corporate governance, regulatory compliance and risk rules and policies that make up this chapter are binding, insofar as applicable, on those corporate decision-making bodies and other internal committees of the Company, its directors, its employees, and, in general, all other persons connected to them or, as the case may be, those who act for or interact with the Company.
11. The ideas, values and principles in these guidelines or protocols for conduct are subject to ongoing updates to adapt them to the ever-changing circumstances in which the Company and its Group operates as an established business. As with the rest of the Governance and Sustainability System, the policies and rules contained in this chapter five are subject to a continuous process of review adaptation and improvement in the context of the environment in which the Company and the Iberdrola Group carry out their business, applicable law and best practices.

In Glasgow, on 19 September 2023

The Board of Directors