



# Introduction to Book Five - Corporate Governance

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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 preservation of its identity, the realisation of its purpose and of its values and the achievement of its business ends and goals through its rules.
2. As befits the maturity of the Governance and Sustainability System, the corporate policies of the Iberdrola group 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 such Governance and Sustainability System.
3. They thus entail a sensible limitation of the discretion that the directors and professionals of Iberdrola 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 approved by the United Nations, the compliance with ESG (*Environmental, Social and Governance*) 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 corporate interest of IBERDROLA, S.A., shared by all companies of the Group, whose materialisation and fulfilment they contribute to.
4. The Company aspires for both 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 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 area of good corporate governance, compliance and transparency.
5. They are, therefore, of particular relevance in the internal organisation of the Company, not only because of the above, but also because of its structure and organisation, its international nature and dimension, and its nature as head of business companies.
6. The policies and rules contained in this Book Five of the Governance and Sustainability System are structured into four parts: (i) corporate governance and regulatory compliance policies; (ii) resiliency, innovation and transformation policies; (iii) risk policies; and (iv) rules on governance of the corporate decision-making bodies and other functions.
7. The corporate governance and compliance policies, play a fundamental role in the internal organisation and the correct performance of each Company Within the framework of the law, ethical principles and the By-Laws, 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, with ethical principles, and with ongoing monitoring and penalization of improper conduct and accts that are illegal or contrary to law or the Governance and Sustainability System.
8. The resiliency, innovation and transformation policies establish rules and develop instruments that enable IBERDROLA, S.A. and the other companies of the Group to continue to be leaders in innovation within the energy sector, As well as to strengthen their competitiveness through efficiency and to reinforce their sustainable growth model, in addition to establishing the main principles and guides of conduct that are to govern within the boundary of the Group in terms of security and operational resiliency.
9. For their part, the risk policies are those referring to actions preventing and mitigating all risks that affect the performance of the Company's broad and ambitious business project, and which are therefore extensively dealt with, covering a wide range of issues and conduct, establishing standards for a multiplicity of risks, from corporate to business, including financial risks, security risks and reputational risks.
10. The governance rules of the corporate decision-making bodies and other internal functions establish the rules of operation of the main corporate bodies of the Company, in accordance with its nature and characteristics as a head of business company. Based on the corporate configuration of the Iberdrola Group contained in the *By-Laws* and always with a view to the best compliance with an implementation of the *Purpose and Values of Iberdrola Group*, these rules seek 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.

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- 1.1. The corporate governance, regulatory compliance and risk rules and policies that make up this book are binding, to the extent applicable thereto, on the corporate decision -making 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.
- 1.2. Like the rest of the Governance and Sustainability system, 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 Group carry out their business activities, the applicable law and the best applicable practices.

In Bilbao, on March 12, 2024.

The Board of Directors of Iberdrola Energía Sostenible España, S.L.U.

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