



Introduction to the Governance and Sustainability System



1. The Identity of Iberdrola Renovables Internacional, S.A.U. and the Iberdrola Group

1. Iberdrola Renovables Internacional, S.A.U (the “**Company**”) is the parent company of the Group’s international renewable energy business within the scope of its activities. Accordingly, as per requisite company independence, the day-to-day running and effective management of the business that constitutes its corporate purpose and the consequent responsibility for its day-to-day control correspond to the Company, without prejudice to the organising, supervising and strategic coordinating function attributed to Iberdrola Energía Internacional, S.A.U. as a *subholding* company of the Group with international projection.
2. The history of the Iberdrola Group dates back over 170 years to the incorporation of its parent company, Iberdrola, S.A. (“**Iberdrola**”) under the name Hidroeléctrica Iberica, S.A. in 1901 in Bilbao in order to meet the growing demand for electricity at that time in the main industrial regions of northern Spain. It is now a historic, business, corporate and institutional reality of a tremendous size and unquestionable value and significance, a benchmark for diverse stakeholders, and closely linked to the economic, social and environmental surroundings in which it undertakes its business.
3. Iberdrola Group’s activities are focused on the energy sector, in which it heads a leading group in electricity production, transmission, distribution and supply, an essential commodity for millions of users and customers, through the use of environmentally-friendly energy sources and technologies, and promoting digital transformation.
4. The Company’s activity is dominated by its express commitment to the Iberdrola Group’s purpose and values, as well as its *Code of Ethics*, which underpin its corporate purpose and all business activity, constituting its identity, its corporate philosophy, its *raison d’être* and the way it functions.
5. The purpose of the Iberdrola group adopted by the Company and constituting its *raison d’être* is to “*continue building a more electric, healthy, and accessible energy model together every day*”, which will contribute to the Sustainable Development Goals (SDGs) approved by the United Nations (especially those relating to universal access to electricity, the supply of affordable and clean energy and the fight against climate change), protect and respond to the most demanding standards and requirements in terms of environmental protection, social commitment, and good governance (“ESG”), within the general framework of respect and protection of human rights, the social market economy and the ethical principles generally accepted in its sphere of action.

Its corporate values which distinguish *the way it functions* are summarised as “*sustainable energy*”, “*integrating force*” and “*driving force*”, fundamental notions, orientations and guidelines which, together with the purpose described above, constitute the ideological and axiological basis of the Company and of its business enterprise.

6. By adopting the aforementioned purpose and values, as part of the Iberdrola group, the Company consolidates itself as one whose purpose is not limited to the achievement of economic benefits, but rather, is guided by its own *raison d’être* and through the pursuit of its corporate purpose, aspiring to the creation of sustainable business value, the achievement of results and benefits that are broader than simply financial ones which can remunerate the capital contributors as well as all other stakeholders and the communities in which it is present, and which carries out its activity by means of the so-called social dividend, which its *Articles of Association* legitimise.
7. With this projection, the Company shares Iberdrola’s corporate interest which is focussed on creating shared sustainable value in accordance with and depending on its purpose and distinctive values and with the commitments undertaken in its *Code of Ethics* based on them.

In this regard, the Company does not view its Stakeholders as third parties separate to its identity, as they are necessary for the performance of its business enterprise as components of an integrated company that are effectively part of all of them, which it is open and bound to, and which it shares the generated value with through the social dividend.

8. Both because of its size and significance and the basic and essential nature of the energy it produces and distributes for the economy and society, the business activities and the scope and dimension of the purpose and values of the Iberdrola group are not depleted, not even within the broad framework of its Stakeholders as a whole, but rather they transcend and extend to the communities and society as a whole where it is present and carries out its activities.

From this perspective, the Company recognises and reaffirms its vocation as an actor and driving force, to assume, in compliance with its purpose and values, the leadership that corresponds to it in the creation of a balanced and advanced society, in the collective effort to achieve its global and sustainable development and progress.

9. The Company’s identity is also based on its own internal rules, which are developed around three main vectors: environmental and anti-climate-change performance, social commitment and the application of best corporate governance practices. These have been conscientiously and progressively developed as an instrument of organisation for all of its members to achieve its purpose and the corporate interest and social dividend, as well as to materialise its values and to guarantee its enterprise, identity and independence.

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2. The corporate and governance structure of the Iberdrola Group

10. As the *holding* company, Iberdrola leads a group of companies in Spain, Portugal, other EU member States, the United Kingdom, the United States of America, Australia, Mexico and Brazil, amongst other countries, structured into three levels that differentiate between duties involving the strategy, supervision and control of the overall group (attributed to the holding company), those of organisation, and the coordination of the businesses in relation to the countries and/or the businesses (corresponding to the *sub-holding* companies), and those managed ordinarily with effective management of each of these businesses (the responsibility of the parent companies), without prejudice to the respect for the corporate autonomy of the subsidiaries of the parent companies domiciled in countries or territories other than that of the parent company.
11. The Iberdrola Group's corporate and governance structure operates jointly with the Group's business model, which enables global integration of the businesses, seeks to achieve maximum operational efficiency of the various units and ensures dissemination, implementation and monitoring of the general strategy, the basic management guidelines established for each of them and best practices.

The business model combines a decentralised decision-making structure that is inspired by the principle of "subsidiarity," with robust coordination mechanisms that ensure global integration of the Group's businesses, above all based on an effective checks-and-balances system, which prevents management power from being concentrated within a single governance body or a single person.

3. Iberdrola Renovables Internacional, S.A.U. Governance and Sustainability System

12. Iberdrola Renovables Internacional, S.A.U. 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 that its purpose and values are materialised through its rules and that its business aims and goals are achieved.
13. These internal regulations are made up of a set of rules approved by the Company's governing bodies, as well as another set of rules with projection over the Iberdrola group that are approved either by the Board of Directors of Iberdrola in the exercise of its duties as a *holding* company for the approval and definition of the organisational model of the Iberdrola group, or by the Board of Directors of Iberdrola Energía Internacional in the exercise of its duties as an organisational and coordination *subholding* company and which have been adopted by the Company, as head of business company within the corporate and governance structure of the Group incorporating them into its Governance and Sustainability System.
14. The corporate governance and sustainability system is based on the *Articles of Association*, a regulation approved by the sole shareholder of the company, in the exercise of the powers of the General Shareholders' Meeting/General Assembly of Shareholders, which represents the maximum expression of the corporate autonomy of Iberdrola Renovables Internacional, S.A.U. and which constitutes the primary source of its internal order.

The *Articles of Association* and particularly the preliminary title thereof, expand the usual content of these corporate rules and contain the purpose and values, the definition of the corporate enterprise, the specific concept of the corporate interest focused on creating shared sustainable value, the commitment to the social dividend and engagement with stakeholders and determining the essential bases and the most important foundations and aspects of its corporate organisation; this means that ultimately they outline the master lines that define the fundamental features of the identity and uniqueness of the Iberdrola group and of its business, corporate, and institutional enterprise.

15. The *Articles of Association* are based on, and should be interpreted in accordance with, the provisions of the *Iberdrola Group Purpose and Values*, the corporate philosophy upon which the Iberdrola group is based, which reports its orientation to the organisation, guides its strategy and presides over the activity of all the companies that it comprises, as well as their initiatives and decisions.
16. The *Iberdrola Group Purpose and Values* are also the basis for the *Code of Ethics*, which further develops and provides concrete shape to the text thereof, is applicable to its directors, professionals and suppliers and seeks to foster a culture based on ethics and on a commitment to sustainable development, shared by all those participating in the value creation chain of the Iberdrola Group.
17. As a regulatory instrument, the corporate policies are characterised by their function of linking and solidifying ideas and values into modes, patterns and standards of conduct, rationalising management decisions in various areas and on various issues that so require due to the nature thereof. To that same extent, they involve a positive limitation of the necessary discretion that the directors and professionals of the Company and of the other companies in the Iberdrola Group must have in the performance of their duties. As a result of this, they define secure guidelines for conduct, which, if adhered to, can lead to the prima facie presumption of conformance and suitability of the corresponding actions to the Company's purpose, values and corporate interest, to the materialisation and fulfilment of which they contribute.

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18. Consistent with the *Purpose and values of the Iberdrola group* and the resulting commitment to contributing to the achievement of the Sustainable Development Goals (SDGs) and ESG requirements, the Company's Governance and Sustainability System differentiates, with respect to corporate policies, those that may be called general or key policies (such as the *General Sustainable Development Policy* and the *Stakeholder Relations Policy*) and those of a more specific or particular nature.
19. The environmental policies, which are aligned with the goals and the path established by the Paris Agreement and the United Nations 2030 Agenda for Sustainable Development, constitute Iberdrola's response to environmental challenges such as climate change and loss of biodiversity, while helping to identify and take advantage of the opportunities arising from the energy and ecological transition. In line with the *Purpose and Values of the Iberdrola group* and its sustainable development strategy, they reflect the Company's commitment to climate change, green recovery, and the environment in all of its other expressions, while seeking to generate value for its clients, shareholders, and other Stakeholders.
20. Similarly, the policies relating to its social commitment reflect the group's commitment to human rights, the development of professional relations based on diversity, inclusion and a sense of belonging, with the promotion of equal opportunities and the guarantee of non-discrimination in the management of people being essential for this purpose, all within the framework of the company's sustainable development strategy.
21. For their part, the corporate governance policies and rules, which incorporate best practices in this area and position the Company as a benchmark in this field, are grouped into four categories: (i) corporate governance and regulatory compliance policies; (ii) risk policies; (iii) rules on governance of the corporate decision-making bodies and other functions.
22. The corporate governance and regulatory compliance policies define, within the framework of the law and the *Articles of Association*, the guidelines and guidelines for action in which the *Purpose and Values of the Iberdrola group* and its sustainable development strategy are specified, and which guide the actions of the shareholders, directors, and professionals of the group. These policies, inspired by the business and ethical ideas, principles and values making up the Company's ideological and axiological foundation, contain the detailed guidelines and directives on conduct ensuring that the Group's strategy is consistent therewith, favouring the strengthening and enrichment of the reality and identity of the Iberdrola Group and the communities within which it operates.
23. The purpose of the risk policies is to establish the basic principles and general framework for controlling and managing the risks that the Company and its Group are vulnerable to, especially including corporate risks and the specific risks of the various Iberdrola Group businesses.
24. The governance rules of the corporate decision-making bodies and of other internal functions include regulations, codes and procedures that establish, amongst other things, the composition, powers and rules of operation thereof, as well as the duties and obligations of their members.
25. Consistent with the content described above, the Governance and Sustainability System is formally organised into five books: (i) Book One, which contains the *Articles of Association*; (ii) Book Two, referring to the Corporate Purpose, which includes the *Iberdrola Group Purpose and Values*, the *Code of Ethics*, the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy*; (iii) Book Three, on the environment and climate action, which groups together the environmental policies; (iv) Book Four, referring to social commitment, which contains the social policies; and (v) Book Five, on corporate governance, which contains the corporate governance and regulatory compliance policies, risk policies, rules on governance of the corporate decision-making bodies.
26. Iberdrola Renovables Internacional, S.A.U. aspires to ensure that the Governance and Sustainability System benefits from the highest possible levels of compliance and dissemination, with particular emphasis on harnessing the most advanced and environmentally-friendly technologies and on the principles of regulatory transparency. Therefore, the full text and a summary of the documents it is made up of are available in Spanish and English on the Company's corporate website (www.iberdrolarenovablesinternacional.com).
27. The Governance and Sustainability System is subject to a process of continuous review to ensure that it is always suitable and conforms to the facts and circumstances for which it is needed, and includes the best indications and practices in this area.

In Bilbao, on 15 July 2022.

The Board of Directors of Iberdrola Renovables Internacional, S.A.U.