

Innovation Policy



19 April 2021

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The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, aware that innovation is a strategic variable that affects all of the Group’s businesses and activities, and in compliance with the provisions of the *Purpose and Values of the Iberdrola group*, the Board of Directors hereby approves this *Innovation Policy* (the “**Policy**”).

1. Purpose

The purpose of this *Policy* is to define and disseminate the strategy that allows the Company and its Group to continue to be leaders in innovation in the energy sector, leading the transition towards a healthier and more accessible energy model, based on electricity. Along these lines, the foundations of the Group’s innovation strategy are sustainable development, the promotion of renewable energy and the exploitation of the opportunities offered by digitalisation and automation, as well as a wager on emerging technologies and driving the digital transformation of its businesses, thus contributing to the achievement of goals nine and eleven of the Sustainable Development Goals (SDGs) approved by the United Nations.

The wager on innovation is a priority for ensuring sustainability, efficiency and competitiveness, and for keeping the Company at the forefront of developing the new products, services and business models that are transforming the industry.

Therefore, the Company promotes the creation of an innovative ecosystem based on the attraction of outside talent and the exploration of new pathways for collaboration, in order to obtain knowledge and design new solutions that allow for the sustainable creation of value for the Company and its Stakeholders. It also promotes internal talent, implementing a culture of innovation at all levels, that facilitates the successful handling of the challenge of incorporating new technologies.

The Company sees innovation as an open and decentralised process. It is decentralised because it is carried out independently in each business unit, but consistently thanks to the support and coordination provided by the Company’s Innovation, Sustainability and Quality Division (or such division as may hereafter assume the duties thereof). It is open because the Company considers itself to be a technology driver and, as such, its vocation is to involve all of its technology suppliers, including universities, technology centres and equipment manufacturers, in its innovation process.

2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

3. Main Principles of Conduct

In order to achieve the aforementioned objectives, the Group adopts and promotes the following principles of conduct in connection with its innovation strategy:

- a. lead innovation focused on energy efficiency and enabling greater electrification of demand;
- b. promote research, development and innovation (R&D) activities, focusing on efficiency aimed at the ongoing optimisation of the Group’s business operations, management of facilities and equipment lifespans, reduction of operation and maintenance costs, decrease in environmental impact, as well as the development of new products and services to satisfy the needs of the customers;
- c. drive the digital transformation of the Group’s businesses in order to improve the efficiency of its processes, the operation and maintenance of its assets and to increase the availability of its generation plants;
- d. keep the Group at the forefront of new technologies and disruptive business models, by encouraging a “culture of innovation” that pervades the entire organisation and promotes motivating work environments that favour and reward the generation of ideas and innovative practices by professionals, accepting risk implicit therein and recognising creative contributions;
- e. incentivise innovation ecosystems and encourage innovation in collaboration with start-ups, entrepreneurs and suppliers in order to develop new disruptive and sustainable business models, favour the exchange of knowledge and have a knock-on effect among them;
- f. foster partnerships and alliances with the academic, intellectual and technology world, by means of links that make it possible to multiply the innovative capacity of the Group and collaborate on the dissemination of knowledge;

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- g. achieve innovations that foster sustainable growth, the efficient management of resources and a reduction in environmental impact, contributing with all of the foregoing to the social and economic development of the places in which the Group does business;
- h. engage in projects in the area of universalisation of energy services based on models that are environmentally sustainable, economically feasible and socially inclusive;
- i. incorporate innovation into all training within the companies of the Group by means of courses and specific programmes to develop skills relating to creativity;
- j. implement an innovation management system that includes the establishment of annual targets and goals as part of an ongoing improvement procedure, managing the Company's human and intellectual capital as a major pillar of the entire creative and innovation process;
- k. stimulate creative thinking within a diverse and inclusive environment;
- l. promote a system of technological monitoring and prospecting to identify opportunities and challenges for the businesses of the Group and detect the need for innovation in processes or services, all in order to act in advance of technological changes and the new needs and risks of the market;
- m. circulate internally the knowledge gained, so that all professionals are familiar with the best practices applicable to their activity in the search for efficiency and effectiveness in the processes of the Group;
- n. protect the results of the innovation process, managing intellectual and industrial property suitably and ethically, which shall in every case entail respect for the intellectual and industrial property rights of third parties; and
- o. support innovations that provide added value for users and boost the satisfaction of the workforce, shareholders, customers and other Stakeholders of the Company.

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This *Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 19 April 2021.