



Purpose and Values of the Iberdrola group



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1.- Introduction	2
2. - The Purpose of the Group	2
3. - The Values of the Group	2
4.- Scope and Dimension of the Purpose and Values	3
5.- Purpose and Values and the Governance and Sustainability System	3
6.- Acceptance	4

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1.- Introduction

The Board of Directors of Iberdrola, S.A. (“**Iberdrola**”) hereby establishes the *Purpose and Values of the Iberdrola group*, explaining the reach and scope thereof, as well as their role and anchoring in the *By-Laws* and in the rest of the Governance and Sustainability System, pursuant to Articles 7 and 32 of the *By-Laws*. Pursuant to the first of said articles, the *Purpose and Values of the Iberdrola group* in effect summarise “*its raison d’être, the ideological and axiological foundation of its business enterprise*”; and, pursuant to the second, the Board of Directors “*shall approve the Purpose and Values of the Iberdrola group*”.

In doing so, the Board of Directors exercises its powers, but also assumes its high responsibility as Iberdrola’s highest management decision-making body.

This formulation updates and completes the one carried out in February 2019. Like the previous formulation, it is based on the recognition and positive assessment of Iberdrola’s historical background, a commercial company founded in 1901; of its current identity and reality, of its status as a large company in the electricity industry and as an economic and social player and driver of undeniable importance for all of its Stakeholders and the communities in which it does business; and of an entity that is, in short, a determined participant in the task of defending human rights, of achieving the Sustainable Development Goals (SDGs) approved by the United Nations, and of meeting ESG (Environmental, Social and Governance) requirements, in its area of activity and in the context of the global society of our times, which faces major challenges and opportunities like digitalisation, climate change and its own sustainability.

2. - The Purpose of the Group

The Board of Directors reaffirms that the purpose of the Iberdrola group, and thus its *raison d’être*, is “*to continue building together each day a healthier, more accessible energy model, based on electricity*”. This purpose, focused on the well-being of people and on the preservation of the planet, reflects the strategy that the group has been sustainably implementing for years and its commitment to continue fighting along with all its Stakeholders for:

- a. A real and global energy transition, based on decarbonisation and on the electrification of the energy sector, and generally of the economy as a whole, that contributes to the Sustainable Development Goals (SDGs) approved by the United Nations, particularly with respect to the fight against climate change, and the generation of new opportunities for economic, social and environmental development.
- b. An energy model that is more electric, one that abandons the use of fossil fuels and generalises the use of renewable energy sources, the efficient storage of energy, smart grids and digital transformation.
- c. An energy model that is healthier for people, whose short-term health and well-being depend on the environmental quality of their environment.
- d. The drive towards more accessible conditions of well-being for all, and the creation of a society that favours inclusion, equality, equity and development.
- e. An energy model that is built in collaboration with all players involved and with society as a whole, based on best governance practices that contribute to its sustainability.

3. - The Values of the Group

Along with its purpose, Iberdrola’s Board of Directors also establishes the values of Iberdrola and its group. If the former summarises Iberdrola’s *raison d’être*, the latter summarise its “*way of being*”, which consists of the fact that, in order to achieve the group’s purpose, its entire strategy and actions must be inspired by and based on the following three “*values*”:

- a. “*Sustainable energy*”: because Iberdrola seeks to always be a model of inspiration, creating economic, social and environmental value in all of our surroundings, and with the future in mind.

We act responsibly toward people, communities and the environment, committed to the sustainable development strategy defined by Iberdrola’s Board of Directors, which seeks to maximise the social dividend generated by the group’s activities and businesses, from which all of our Stakeholders benefit.

For this purpose, the group’s professionals engage in their activities in accordance with the ethical principles set out in the *Code of Ethics*. They especially endeavour to ensure transparency, the safety of people, the creation of shared sustainable value for the Company and its surroundings, striving to identify and understand the expectations of all Stakeholders and working to achieve the well-being of both present and future generations.

- b. “*Integrating force*”: because we have great strength and a deep sense of responsibility. This is why we work together, combining talents, for a purpose that is to be achieved by all and for all.

Our professionals form a diverse team prepared to achieve the success of the business enterprise. For these purposes, the group seeks for them to work without geographic, cultural or operational barriers, to share talent, knowledge and information, and to have a global, long-term vision.

To achieve such a team, the group drives the development of its professionals and contributes to the training of future generations in order to boost their enthusiasm, empathy and initiative at work, and to favour solidarity and creativity, as well as their respect for human relations. The group also encourages the maintenance of sincere and faithful dialogue between its workforce and the other Stakeholders.

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- c. “Driving force”: because we make small and large changes a reality while being efficient and self-demanding, always seeking continuous improvement.

We innovate and promote large and small changes that make life easier for people. We expect our professionals to adopt a non-conformist attitude, to constantly seek excellence and opportunities for improvement, to embrace change and new ideas, to learn from mistakes, to evolve with feedback on their actions and to anticipate the needs and expectations of Stakeholders. To achieve this goal, we favour simple, agile and efficient processes for organising work and exchanging information that take advantage of technological advances and that are subject to continuous innovation.

4.- Scope and Dimension of the Purpose and Values

The *Purpose and Values of the Iberdrola group* endow Iberdrola and its group with an immanent and specific purpose, which, in short, is the construction of an electric, efficient, healthy and accessible energy model, fully in line with the Sustainable Development Goals (SDGs) and consistent with the highest ESG standards and requirements mentioned above, within the general framework of respect for and protection of human rights, the social market economy, and the ethical principles generally accepted in its sphere of activity.

By making all of this its *raison d'être* and purpose, Iberdrola stands as a business reality that transcends its nature as a pure and simple commercial enterprise without denying such nature.

Indeed, obtaining financial benefits continues to be a primary objective for Iberdrola and its group, because they are essential to making the achievement of its purpose possible. They are not, however, its ultimate goal, nor do they express its deeper, individual and intrinsic purpose. Therefore, Iberdrola needs shareholders and investors who contribute capital and financial resources, but also, and above all, partners who share the fate of the Company and participate in this great enterprise or endeavour that is the achievement of such a far-reaching goal. Thus, the corporate interest, which is the guideline for the legitimate activities of the corporate bodies, cannot merely be the interest common to the shareholders contributing capital, but rather the interest shared by all those who are identified or defined as such by the purpose to which the financial capital they provide or invest is assigned.

At the same time and consistently therewith, Iberdrola recognises as equally necessary types of capital or factors for achieving its purpose other no less important ones, such as human capital, management capital, technological capital, natural or environmental capital, and institutional or economic and social governance capital, to which it has access and which it has or enjoys through relationships and procedures of various kinds and nature, and without the proper combination and coordination of which (a task corresponding to and assumed by the Board of Directors) its purpose could not be achieved.

The use of such different factors and means by Iberdrola and its performance of a business function that integrates all of them for the sake of its purpose and values mean that all of its actions must be focused on the creation of sustainable business value, the achievement of an overall result and of an equally comprehensive profit, which makes it possible to adequately remunerate the contributors of financial capital with financial returns and dividends, but also all other participants and groups involved, through the “social dividend”, as set forth in the *By-Laws*. The financial and non-financial information that must be prepared, approved, validated and published in accordance with the legal and bylaw provisions in effect is focused on the determination of all of these variables.

Iberdrola is aware that, given its size and significance, as well as the basic and essential nature of the energy it produces and distributes for the economy and society, its business activities and the scope and dimension of its purpose and values are not limited to its already very broad internal sphere, but extend to all of its suppliers, its customers and its other Stakeholders, and is equally aware that they also have a driving and multiplying effect on all of the economic, social and political groups and communities in which it has a presence and in which it does business.

Iberdrola therefore recognises and reaffirms its desire to be an active player and to assume, in compliance with and in furtherance of its purpose and values, the leadership that corresponds to it in the creation of a balanced and advanced society; and to participate, resolutely and responsibly, for the same reason, in the collective effort to ensure its global and sustainable development and progress.

5.- Purpose and Values and the Governance and Sustainability System

Based on and as an instrument of its purpose and values, Iberdrola ultimately reaffirms its determination to continue building and constantly improving a regulatory system that is not only one of Corporate Governance, but more broadly one of Governance and Sustainability, in order to channel and ensure through its own specific internal rules the full achievement, in all its scope and size, of both its business goals and objectives and the creation of such sustainable business value, as well as its economic, social, and good governance contribution to all of its Stakeholders and to the communities and territories in which it operates.

As a result thereof, the Governance and Sustainability System of course aspires to be a coherent unit unto itself, in which the *Purpose and Values of the Iberdrola group*, a synthesis of its corporate ideology and the axiological foundation of its business enterprise, inspire and underpin, as general principles, the preparation, application and interpretation of all of the rules, policies and procedures that guide and organise, direct and channel any of the Company's actions.

At the same time, given the full scope and dimension of its purpose and values, the Governance and Sustainability System is not conceived as a merely internal and isolated effort, but rather seeks to become integrated with and contribute to the better governance and sustainability of the entire global society of today in which Iberdrola and its group are present and do business.

With the *Purpose and Values of the Iberdrola group* and, in short, with the entire Governance and Sustainability System based thereon and guided thereby, Iberdrola ultimately identifies itself to its own Stakeholders and to society as a whole as an integral company properly made up of all of them and rooted in such society, that is, as an institutional endeavour that adds to its formal



legitimacy the required material legitimacy provided thereto by corporate action and the plural (economic, social, environmental and governance) function that it undertakes and carries out, both internally and externally.

6.- Acceptance

Our professionals expressly accept the *Purpose and Values of the Iberdrola group*. Professionals who join or become part of the group in the future must also expressly accept the content hereof.

The *Purpose and Values of the Iberdrola group* shall be attached to the employment or other agreements of all the members and workforce thereof.

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