

GOVERNANCE AND SUSTAINABILITY SYSTEM

INTRODUCTION TO CHAPTER FIVE - CORPORATE GOVERNANCE

1. The Governance and the Sustainability System constitutes the internal regulatory framework for the Company and its Group. It is autonomously established by the Company as its own set of rules defining its purpose and values against which its business strategies and goals are to be set.
2. The Iberdrola Group's policies, as adopted by the Company, constitute an essential part of its Governance and Sustainability System. They set out the guidelines for conduct, direction and expected results to recurring matters or issues of particular importance in the administration and management of the company, as well as for the intended best implementation of the *Purpose and Values of the Iberdrola Group*, through the behaviour of shareholders, directors and employees, and in the engagement with stakeholders.
3. Given the corporate structure and organisation of the Iberdrola Group, and its international size and reach, the corporate governance policies and rules of the corporate decision-making bodies within the Group (which are designed to effect to the *Purpose and Values of the Iberdrola Group* with an alignment to its sustainability goals) are particularly significant in the internal organisation of the companies of the Group.
4. The decisions on strategy and supervision, on administration and management and the development of the business of Iberdrola, of the Company and of the other companies of its Group thus serve to most efficiently achieve their goals.
5. The policies and rules contained in Chapter Five of the Company's Governance and Sustainability System are structured into three categories: (i) corporate governance and regulatory compliance policies; (ii) risk policies; and (iii) rules on governance of the corporate decision-making bodies and of other internal functions.
6. The corporate governance and regulatory compliance policies, which are part of the Iberdrola Group's global sustainable development strategy, play a critical role in its internal organisation, taking into account its commitment to all of its stakeholders (including shareholders, directors and employees), and in observance of the legal and ethical framework within which it conducts itself.
7. The purpose of the risk policies is to establish the basic principles and general framework for controlling and managing all kinds of risks that the Company and its Group may be vulnerable to, particularly including corporate risks and the specific risks of the various businesses.
8. The governance rules of the corporate decision-making bodies and of other internal functions establish the rules of operation of the main corporate decision-making 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 correct operation of the Company, and 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.
9. In terms of its own conduct as well as that of connected and interested persons, the Company is formally expected to be consistent with and conform to not only all applicable legal and regulatory requirements, but also, the whole body of its own Governance and Sustainability System (as approved, adopted and amended from time to time) which assumes within it the best practices generally accepted in international markets in the areas of good governance and transparency.
10. 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. Accordingly, like the other parts of the Governance and Sustainability System, the social policies are subject to a dynamic process of review. The Company, as part of the Iberdrola Group, has in place, uses and promotes multiple channels with all its stakeholders for these purposes.

In Glasgow, on 30 April 2021

The Board of Directors