

GOVERNANCE AND SUSTAINABILITY SYSTEM

INTRODUCTION TO CHAPTER THREE - ENVIRONMENT AND CLIMATE ACTION

1. The Governance and the Sustainability System constitutes the internal regulatory framework for the Company. 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 corporate policies, as adopted by the Company, constitute an essential part of its Governance and Sustainability System. These policies characteristically aim to consistently and clearly connect the relevant themes in the stated purpose and values to the appropriate action guidelines and criteria prescribed in relation to matters that are identified as generally or specifically important to the decision-making and management of the Company.
3. The corporate policies therefore delineate the amount of discretion that Iberdrola Group directors and employees may exercise in the performance of their duties, i.e. within a framework of respect and observance of human rights, the contribution to the achievement of the United Nations' Sustainable Development Goals (**SDGs**), compliance with Environment, Social and Governance (**ESG**) requirements, goals established by the Paris Agreement and the United Nations' 2030 Agenda for Sustainable Development. It is implicit that any action taken in adherence to these will carry a *prima facie* assumption of suitability and approval pursuant to the *Purpose and values of the Iberdrola Group* and Iberdrola's corporate interest since they are defined to contribute to and fulfil the same aims.
4. The environmental policies are included within the Iberdrola Group's sustainable development strategy and constitute its express response to the challenges, objectives and goals in relation to climate change, preservation of the environment, and biodiversity loss, while recognising the opportunities arising from the energy transition. This is an active commitment of the Company, made on behalf of and applying to all its stakeholders, to generate 'integral business value', taking into account the natural and environmental capital invested, in order to maximise the distribution of such value to those stakeholders and the communities in which the Company operates.
5. 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 environmental policies contained in this Chapter Three are subject to a continuous process of review, adaptation and improvement in the context of the environment in which the Company and the Iberdrola Group carry out their business, applicable law and best practices.

In Glasgow, on 4 May 2022

The Board of Directors

