



Human Resources Framework Policy



28 April 2020

1. Purpose	2
2. Main Principles of Conduct	2
3. Instruments	3
4. Main Principles of Conduct in connection with the Selection and Hiring of Professionals	3
5. Main Principles of Conduct in connection with the Management and Promotion of Talent and Training	3
6. Evaluations of Performance and Development	4
7. Remuneration System	4
8. Diversity, Equal Opportunity and Reconciliation	4
9. Global Workplace Health and Safety System	4
10. Work Ethics	4
11. Corporate Volunteering	5

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.

The Board of Directors of IBERDROLA, S.A. (the “**Company**”) considers its workforce to be a strategic asset. The professionals of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”), are a key element to achieve the purpose and put into practice the corporate values set out in the *Purpose and Values of the Iberdrola group*.

1. Purpose

The purpose of this *Human Resources Framework Policy* (the “**Policy**”) is to define, design and disseminate a human resources management model of the Group that will allow it to obtain, promote and retain talent and encourage the personal and professional growth of all people belonging to the Group’s workforce, making them participants in its successful business enterprise and guaranteeing them a dignified and safe job.

This policy, the text of which is consistent with the provisions of the *Policy on Respect for Human Rights*, and particularly with labour rights, is further developed through the following policies: the *Recruitment and Selection Policy*, the *Knowledge Management Policy*, the *Equal Opportunity and Reconciliation Policy*, the *Occupational Safety and Health Risk Policy* and the *Senior Management Remuneration Policy*.

In a world in which traditional production assets are ever more accessible, human capital fundamentally determines the difference between competitive companies and those that are not, and between those that sustainably create value and those that gradually lose their capacity to generate wealth.

The key principles for the conservation of human capital are considered to be the design and implementation of frameworks for the management of human resources and labour relations that allow all professionals to share in the Group’s success and promote the economic and social development thereof, thereby contributing to compliance with goal eight of the Sustainable Development Goals (SDGs) approved by the United Nations, and further the objectives of competitiveness and business efficiency.

This *Policy* establishes the guidelines that govern labour relations at the different companies of the Group and serve as a benchmark to define the objectives of the Company and the Group in human resources management as regards: the selection of its professionals, the assurances and stability of quality employment, the creation of a stable relationship with professionals, and workplace safety and health, as well as the management and promotion of talent and training.

The management of human resources and labour relations must be informed by respect for the human and labour rights recognised by domestic and international law, diversity, equality of opportunity and non-discrimination, as well as by the alignment of the interests of professionals with the Group’s strategic objectives.

2. Main Principles of Conduct

In order to achieve the aforementioned objectives, the Group accepts and promotes the following principles that must inform the management of its human capital:

- a. An appropriate framework of labour relations and of agreed mechanisms to bring the organisation into line with corporate and social requirements, promoting the objectives of competitiveness and business efficiency.
- b. Design of a value offering that favours the selection, hiring, promotion and retention of talent, consisting of competitive remuneration and a working environment that promotes the professional growth of the Group’s workforce, based on equal opportunity, the commitment to the *Purpose and Values of the Iberdrola group* and the business enterprise of the Group, and the reconciliation of personal and working life.
- c. The development of consistent human resources processes that progress in the implementation of a talent culture in all countries in which the Group does business, respecting local particularities and the special framework of strengthened autonomy of the listed country subholding companies.
- d. The definition as a strategic objective of the conduct of labour relations based on equality of opportunity, particularly between genders, non-discrimination and the consideration of diversity in all variables thereof. Measures must also be promoted to facilitate the integration of disadvantaged groups and those with diverse abilities and to achieve a favourable environment that facilitates reconciliation of personal and working life, complying with the law applicable in each country and following best international practices.
- e. The consolidation of stable and quality jobs.
- f. A remuneration system that allows for the attraction and retention of the best professionals and the objectives of which are aligned with those of the Group.
- g. Appreciation of the contribution of all professionals to the Group’s creation of value and to its growth.
- h. Recognising and valuing family and personal connections among the professionals of the Group, a necessary consequence of the Group’s strong local roots within the communities in which it has historically done business, and establishing specific measures ensuring that professionals with such connection are not favoured or discriminated against in hiring and promotion processes, and that there is no violation of the principle of equal opportunity.
- i. Guaranteeing that processes of selecting, hiring and promoting professionals of the companies of the Group endeavour to ensure that all of its professionals are persons who are respectable and competent, aligned with the provisions of the *Purpose and Values of the Iberdrola group* and with the principles contained in the *Code of Ethics*, assessing their history and rejecting those who lack the required competence due to the personal record thereof.
- j. A working environment that is safe and healthy within the Group and in its spheres of influence.

3. Instruments

The Company and the Group have the following instruments to achieve these objectives:

- a. Human resources policies: this *Policy*, the *Recruitment and Selection Policy*, the *Knowledge Management Policy*, the *Equal Opportunity and Reconciliation Policy*, the *Occupational Safety and Health Risk Policy* and the *Senior Management Remuneration Policy*.
- b. The Company's Human Resources Division, the main objective of which is to give consistency to the guidelines for the management and promotion of talent within the Group, bearing in mind the different social and labour circumstances of the territories in which it operates, and the human resources divisions at the various companies of which it is composed, which are responsible for implementing and monitoring human resources policies and strategies.
To meet this objective, the Company's Human Resources Division may create specialised global committees in areas like the selection and hiring of professionals, training, remuneration systems and social-welfare benefits, which will act in coordination with any local committees that the human resources divisions of the country subholding companies decide to create.
- c. Collective bargaining agreements or specific equivalent agreements to govern aspects relating to human resources management, as well as the established specific monitoring mechanisms.
- d. Channels for dialogue and communication with the professionals of the Group: mixed subcommittees or committees with professionals, labour climate surveys, meetings with the chairman and senior management, specific meetings, the corporate website and the Group's various intranets.
- e. International mobility programmes aligned with the Group's Business Model to favour the exchange of experiences and knowledge, professional development and the promotion of talent, and the firm establishment of a Group culture.
- f. Training programmes that foster the development of intellectual capital and the promotion of professionals within the Group.
- g. A specific programme for the training and monitoring of management personnel encouraging internal promotion and ensuring the orderly succession in senior management positions and other key positions within the Company and the Group.
- h. Occupational risk prevention programmes and processes and a global workplace safety and health system based on defined standards applicable to all companies of the Group.

4. Main Principles of Conduct in connection with the Selection and Hiring of Professionals

As further developed in the *Recruitment and Selection Policy* and in the *Equal Opportunity and Reconciliation Policy*, the main principles of conduct in connection with selection and hiring are:

- a. Develop a global master process for standardising recruitment and selection procedures within the Group.
- b. Encourage the access of young people to their first job through scholarship programmes and other agreements.
- c. Provide candidates with an attractive and comprehensive offer that favours the recruitment and hiring of the best professionals.
- d. The Group's offer must be based upon equal opportunity and be made up of competitive remuneration, a healthy work environment, the business enterprise, a balance between personal and working life, and reconciliation thereof.
- e. Implement measures designed to promote respect for the rest periods of its professionals, and to avoid professional communications outside of working hours when possible.
- f. Promote the hiring of its professionals using stable contracts.
- g. Standardise working conditions and the benefits received by part-time and full-time professionals.
- h. Endeavour to ensure that selection and hiring processes are objective and impartial, avoiding the participation of the professionals with which they are connected in the process of selecting family members of Group professionals or persons with another similar personal connection.
- i. Favour the hiring of professionals from excluded groups and of persons who are differently abled.

5. Main Principles of Conduct in connection with the Management and Promotion of Talent and Training

Talent management and promotion are key aspects to improve the Company's position vis-à-vis its competitors, and their aim must be the definition of a framework to develop a global quality management system, affecting all professionals of the Group.

In the process of analysis and deliberation prior to the adoption of its resolutions, the Board of Directors generally gives special consideration to the impact that its decisions might have on the talent management and promotion strategy of the Group.

The Company also works continuously to configure a value offering addressed to its professionals that favours the selection, hiring, promotion and retention of talent.

One of the basic aspects of global talent management within the Group is the encouragement of training in accordance with the following main principles:

- a. Establishment of a conceptual framework that includes all training actions designed to promote the qualification of the workforce, aligning it with a multicultural work environment, permeable to cultural changes, expanding the principles set out in the *Purpose and Values of the Iberdrola group*, creating value for the Group and promoting the sustainable development of the businesses of the Company.
- b. Implementation of training programmes and plans that support advanced professional training for the performance of the job, adjustment of human resources to technological and organisational changes, adjustment of new professionals to the requirements of the Group and greater capacity for professional development.

- c. Make training a key element of professional qualifications, and one that provides opportunities for promotion within the Group.
- d. Ensure that training programmes include aspects relating to respect for human rights and foster a culture of ethical conduct.
- e. Dissemination and sharing of the knowledge existing within the Group, ongoing learning and cultural exchange, so as to boost operational efficiency through the appropriate use of intellectual capital, in accordance with the provisions of the *Knowledge Management Policy*.

6. Evaluations of Performance and Development

Evaluations of the professionals and communication of the results thereof to those evaluated is an essential aspect of their professional training. The main principles of conduct are:

- a. Perform periodic evaluations of the performance of the professionals of the Group.
- b. Communicate the results thereof to the employees evaluated so as to favour their professional development.
- c. In the process of salary evaluation or review, avoid direct participation by professionals who are family members or who have a similar personal connection with the affected professionals.

7. Remuneration System

The Group considers it a priority for the remuneration system to favour the strengthening of its human capital, as the main factor differentiating it from its competitors. The principles of conduct informing the Group's remuneration system are:

- a. Favour the attraction, hiring and retention of the best professionals.
- b. Maintain consistency between the Group's strategic positioning and its development, its international and multicultural reality and its objective of excellence.
- c. Recognise and reward the dedication, responsibility and performance of all its professionals.
- d. Adjust to the various local circumstances in which the different companies of the Group operate.
- e. Be at the forefront of the market, consistently with the position achieved by the Company and its Group.

8. Diversity, Equal Opportunity and Reconciliation

The *Equal Opportunity and Reconciliation Policy* develops the Group's objectives and principles on the matter, which may be summarised in the following principles:

- a. Respect diversity among its professionals, promoting non-discrimination on account of race, colour, age, gender, marital status, ideology, political opinion, nationality, religion, sexual orientation or any other personal, physical or social condition.
- b. Develop the principle of equal opportunity, observance of which is one of the basic pillars of professional development, and entails the commitment to provide and show equitable treatment that promotes the personal and professional progress of the workforce, keeping professionals with family or similar personal connections from holding posts directly reporting -either hierarchically or functionally- to the professionals with which they are connected.
- c. Promote gender equality, especially as regards access to employment, professional training and promotion, and working conditions, as a manifestation of social and cultural reality.
- d. Maintain commitments to external institutions, making an effort to honour the commitments assumed in order to obtain and maintain all certifications and awards granted in connection with reconciliation and equality.
- e. Implement reconciliation measures that promote respect for the personal and family life of its professionals and facilitate the achievement of an optimal balance between the latter and their work responsibilities.

9. Global Workplace Health and Safety System

Recognising the importance of workplace safety and health risks, the Board of Directors commits to taking the actions required to provide safe and healthy conditions for the prevention of work-related injuries and health impairments that are as suited to the purpose, size and context of each organisation and to the specific nature of the risks for professionals within the Company and its Group, as well as in its spheres of influence, thereby contributing to the achievement of goals three and eight of the Sustainable Development Goals (SDGs) approved by the United Nations.

The *Occupational Safety and Health Risk Policy* approved by the Board of Directors is intended to establish a common framework for the control and monitoring of workplace safety and health risks within the general guidelines determined in the *General Risk Control and Management Policy*, and contains the main principles of conduct of the Group's companies in this area.

The Group's commitments in this area are advanced through a number of instruments, including the development and implementation of a system of global workplace safety and health standards that determine minimum levels and ensure the harmonisation of the standards applied at all of the companies.

All of the foregoing such that the various levels of the organisation are aware of the importance of workplace safety and health in the planning and subsequent implementation of all the actions of the Company, and that all professionals contribute with their daily work to the achievement of the goals set in this field.

10. Work Ethics

The Board of Directors has approved a *Code of Ethics* that sets forth the principles of conduct required of the various companies of the Group and of all their professionals and management personnel, regardless of their job category, their geographic or functional location, or the company of the Group at which they work, except in the case of professionals of listed country subholding companies that have approved their own *Code of Ethics* according to their internal rules, and the dependent companies thereof, to which this latter code shall apply.

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.



The Compliance Unit is the body created by the Board of Directors to disseminate, interpret and inform the appropriate bodies of the degree of compliance with the Company's *Code of Ethics*.

The compliance divisions of each country subholding or head of business company shall apply the *Code of Ethics* (or the specific code of their country subholding company) in their respective areas of conduct.

11. Corporate Volunteering

The companies of the Group shall develop corporate volunteering programmes and campaigns that promote the participation of the professionals of the Group in volunteer actions to put into practice the provisions of the *Purpose and Values of the Iberdrola group* as regards improving the quality of life of people, looking after the environment and sustainable development, as well as universal access to energy and the elimination of hunger, including collection campaigns that seek to respond to social needs.

These programmes and campaigns are intended to:

- a. Contribute to social well-being and community service.
- b. Strengthen a sense of belonging to the Group and improve the labour climate.
- c. Contribute to the ethical training of professionals, channelling their spirit of community service to the benefit of the communities in which the Group is present.
- d. Promote the values of participation, commitment, responsibility and teamwork.

* * *

This *Policy* was initially approved by the Board of Directors on 17 February 2015 and was last amended on 28 April 2020.