



# Iberdrola Group Non-Financial Information Preparation Policy

21 July 2020

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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**” or “**Iberdrola**”) has the power to design, assess and continuously revise the Corporate Governance System, and specifically to approve and update the corporate policies, which further develop the principles reflected in the *Purpose and Values of the Iberdrola group* and the other rules of the Corporate Governance System, and which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of companies of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

## 1. Purpose

Iberdrola seeks to achieve its corporate interest by taking into consideration all of the Stakeholders related to its business activity and institutional reality, applying best corporate governance practices.

The transparency of the consolidated non-financial information that Iberdrola regularly publishes is a key element of its strategy to allow said Stakeholders to be aware of the social dividend generated by the Group and its contribution to the Sustainable Development Goals (SDGs) approved by the United Nations, in accordance with the commitments made in the Company’s *By-Laws*, in the *Purpose and Values of the Iberdrola group*, in the *Code of Ethics* and pursuant to its *General Sustainable Development Policy*.

This *Iberdrola Group Non-Financial Information Preparation Policy* (the “**Policy**”) defines an orderly process for preparing the consolidated non-financial information applicable to all companies of the Group, one that is consistent with the principles of subsidiarity and decentralised management that govern the corporate structure and governance model thereof, that ensures that the consolidated non-financial information of Iberdrola has been prepared based on information provided by the various companies of the Group and that clearly describes the responsibility of its management decision-making bodies in such process.

The main objective of the process is to ensure that the consolidated non-financial information that Iberdrola publishes reflects in all material respects, in a reasonable and balanced manner, the economic, environmental and social performance of the consolidated Group, with the scope defined by law and in accordance with international standards.

## 2. Scope

This *Policy* shall apply to all companies of the Group and shall affect the process of preparing the statement of non-financial information that the Board of Directors prepares on an annual basis and submits for the approval of the shareholders at the General Shareholders’ Meeting.

## 3. Principles

The *Policy* rests upon the following principles:

- a. On an annual basis, Iberdrola’s Board of Directors prepares and submits for the approval of the shareholders at the General Shareholders’ Meeting the consolidated statement of non-financial information of the Company and its subsidiaries, which document also includes the individual non-financial information of the Company (the “**Consolidated SNFI**”);
- b. prior to its publication for purposes of the call to the General Shareholders’ Meeting, the Consolidated SNFI shall be subject to assurance by an independent provider of assurance services appointed by the Board of Directors upon a proposal of the Audit and Risk Supervision Committee;
- c. the Sustainable Development Committee: (i) shall determine the general principles, standards and guidelines that must guide the preparation of the Consolidated SNFI, which shall be further developed and specified by the Corporate Social Responsibility and Reputation Division in a *Guide for the Preparation of the Consolidated Statement of Non-Financial Information* (the “**Guide**”); (ii) shall verify that the content of the Consolidated SNFI conforms to the Company’s sustainable development strategy; and (iii) shall submit its report to the Board of Directors, prior to the preparation thereby of the Consolidated SNFI, taking into account the report prepared by the Audit and Risk Supervision Committee referred to in the next paragraph;
- d. the Audit and Risk Supervision Committee: (i) shall supervise the process of preparation and presentation of the Consolidated SNFI; (ii) shall verify the clarity and integrity of the content thereof; (iii) shall report to the Sustainable Development Committee on the two foregoing items prior to the issuance thereby of its report and the preparation by the Board of Directors of the Consolidated SNFI; and (iv) shall propose the appointment of and shall maintain communications with the independent assurance provider;
- e. Iberdrola’s Corporate Social Responsibility and Reputation Division shall prepare the Consolidated SNFI in accordance with the provisions of the general principles, standards and guidelines defined by the Sustainable Development Committee and with the *Guide*;
- f. the management decision-making bodies of the country subholding companies shall be responsible for the preparation and approval of the non-financial information of the consolidated subgroup made up of the corresponding country subholding company and its subsidiaries that is required to prepare the Consolidated SNFI in accordance with the models, scopes and procedures defined by Iberdrola’s Corporate Social Responsibility and Reputation Division pursuant to the provisions of the *Guide*;
- g. the audit and compliance committees of the country subholding companies shall issue the reports that are required regarding the process of preparation and presentation and the clarity and integrity of the non-financial information corresponding to the respective company;



- h. without prejudice to the foregoing principles, the organisations responsible for preparing the non-financial information for the consolidation of each of the companies of the Group shall coordinate with Iberdrola's Corporate Social Responsibility and Reputation Division to approve the interpretive criteria for the standards applied in the preparation of the Consolidated SNFI pursuant to the standards and general principles defined by the Sustainable Development Committee and pursuant to the provisions of the *Guide*; and
- i. the companies whose non-financial information is required to prepare the Consolidated SNFI shall provide the Company with all support necessary for the preparation thereof and for assurance thereof by the independent assurance provider.

#### 4. Process of Preparing the Group's Non-Financial Information

Before the beginning of each financial year, the Office of the Secretary of the Board of Directors of Iberdrola shall inform the Corporate Social Responsibility and Reputation Division of the date expected for the adoption of the resolution to formulate the Consolidated SNFI.

The Corporate Social Responsibility and Reputation Division shall communicate to the management decision-making bodies of the country subholding companies the deadlines for submitting the non-financial information for the preparation of the Consolidated SNFI corresponding to their respective subgroups.

Said notice shall be coordinated with the requests for financial information made by the Management and Control Division within the framework of the *Iberdrola Group Financial Information Preparation Policy*, as well as the requests for information made by the chair of Iberdrola's Audit and Risk Supervision Committee pursuant to the provisions of the *General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its group*, in order to issue the required reports, and particularly in order for the Audit and Risk Supervision Committee to report on the process of preparation and presentation and the clarity and integrity of the Consolidated SNFI.

The management decision-making bodies of the country subholding companies, following a report from their respective audit and compliance committees, and based on the information received from the organisation responsible for preparing the non-financial information for consolidation, shall prepare and approve the non-financial information for consolidation corresponding to the subgroup thereof and shall send it to Iberdrola's Corporate Social Responsibility and Reputation Division in accordance with the provisions of the *Guide*, prior to the date indicated thereby, in order to prepare the Consolidated SNFI.

Iberdrola's Board of Directors shall prepare the Consolidated SNFI for submission to the shareholders for approval at the General Shareholders' Meeting following a report from the Sustainable Development Committee, which in turn shall have received from the Audit and Risk Supervision Committee a report on the process of preparation and presentation thereof, as well as on the clarity thereof and on the integrity of the content thereof.

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This *Policy* was initially approved by the Board of Directors on 21 July 2020.