



# Human Resources Framework Policy



19 April 2021

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The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In fulfilling these responsibilities, and aware that the workforce is a strategic asset and that the professionals of the Group are the key element for achieving the purpose and putting into practice the values set forth in the *Purpose and Values of the Iberdrola group*, the Board of Directors hereby approves this *Human Resources Framework Policy* (the “**Policy**”).

## 1. Purpose

The purpose of this *Policy* is to define, design and disseminate the Group’s human resources management model in order to attract, promote, generate the loyalty of and retain talent. It is also intended to 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 within a diverse and inclusive environment.

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 *Equality, Diversity and Inclusion Policy*, the *Selection and Hiring Policy*, the *Knowledge Management Policy*, the *Occupational Safety and Health Risk Policy* and the *Senior Management Remuneration Policy*.

The workforce is key to determine 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, that 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 that further the objectives of competitiveness and business efficiency.

This *Policy* establishes the guidelines that must govern labour relations at the different companies of the Group and serves as a benchmark to define the objectives of the Company and the Group in human resources management. In particular, it provides guidelines with respect to: (i) the selection of its professionals; (ii) the creation of stable and high quality employment within a diverse and inclusive environment; (iii) the building of a stable relationship with professionals; (iv) workplace safety and health; (v) the reconciliation of personal and working life; and (vi) 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 and inclusion, equality of opportunity and non-discrimination, as well as by the alignment of the interests of the professionals with the Group’s strategic objectives.

## 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this *Policy* does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

## 3. General Principles of Conduct

In order to achieve the aforementioned objectives, the Group adopts and promotes the following general principles of conduct 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 job offering of value that favours the selection, hiring, promotion and retention of talent, consisting of competitive remuneration and a diverse and inclusive work environment that facilitates reconciliation between personal and working life and promotes the professional growth of the Group’s workforce. This professional growth must be based on objective performance standards, equal opportunity and a commitment to the *Purpose and Values of the Iberdrola group* and to the business enterprise of the Group;
- 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 equal opportunity, particularly between genders, non-discrimination, and the consideration of diversity and inclusion in all variables thereof, pursuant to the *Equality, Diversity and Inclusion Policy*. Measures must also be promoted to facilitate the integration of disadvantaged groups and those with different abilities and to achieve a favourable environment that allows professionals to reconcile 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 for the alignment of their objectives 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 there is no favouring of or discrimination against professionals in hiring and promotion processes based on such connection, and that there is no violation of the principle of equal opportunity;
- i. guaranteeing that the 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 background and rejecting those who, in view of their personal record, lack the required competence. All without prejudice to respect for identity and individual beliefs, as established in the *Equality, Diversity and Inclusion Policy*; and
- j. a work environment that is safe and healthy within the Group and in its spheres of influence.

#### 4. Instruments

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

- a. human resources policies: this *Policy*, the *Equality, Diversity and Inclusion Policy*, the *Selection and Hiring Policy*, the *Knowledge Management 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 standardise 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 with the support of 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. the division responsible for the implementation, monitoring and verification of compliance with the *Equality, Diversity and Inclusion Policy*, which reports to the Company's Human Resources Division;
- d. collective bargaining agreements or specific equivalent agreements to govern aspects relating to human resources management, as well as the existing specific monitoring mechanisms;
- e. channels for dialogue and communication with the professionals of the Group: mixed subcommittees or committees with professionals, labour climate or satisfaction surveys, meetings with the chairman and the members of senior management, specific meetings, the corporate website and the Group's various intranets;
- f. 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;
- g. training programmes that foster the development of intellectual capital and the promotion of professionals within the Group;
- h. 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; and
- i. 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.



## 5. Main Principles of Conduct in connection with Equality, Diversity and Inclusion

The *Equality, Diversity and Inclusion Policy* further develops the Group's objectives and principles on these matters, which can be summarised in the following:

- a. respect diversity among its professionals, promoting non-discrimination;
- b. develop the principle of equal opportunity, the 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, among other issues; and
- c. promote gender equality, especially as regards access to employment, professional training and promotion, and working conditions.

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

As further developed in the *Selection and Hiring Policy* and in the *Equality, Diversity and Inclusion Policy*, the main principles of conduct in connection with selection and hiring are:

- a. develop a global master process for standardising selection and hiring procedures within the Group;
- b. endeavour to ensure that selection and hiring processes are objective and impartial, and that the process of selecting family members of Group professionals or persons with another similar personal connection does not involve the participation of the workforce members to whom they are connected;
- c. encourage the access of young people to their first job through scholarship programmes and other agreements;
- d. provide candidates with an attractive and comprehensive job offer of value that favours the selection and hiring of the best professionals;
- e. favour the hiring of professionals from excluded groups and of persons with different abilities;
- f. the Group's offering of value must be based upon equal opportunity, diversity and inclusion and be made up of competitive remuneration, a healthy, diverse and inclusive work environment, the business enterprise, a balance between personal and working life, and reconciliation thereof;
- g. promote the hiring of its professionals using stable contracts; and
- h. standardise working conditions and the benefits received by part-time and full-time professionals.

## 7. 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 is the definition of a framework to develop a global quality management system, involving 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 of conduct:

- a. establishment of a conceptual framework that includes all training actions designed to promote the qualification of the workforce, aligning it with a diverse, inclusive and multicultural work environment, open 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 to technological and organisational changes, adjustment of the workforce to the requirements of the Group and greater capacity for professional development. In particular, these training programmes and plans should facilitate processes of knowledge refreshment and ongoing reconversion of skills, so that technologies, innovation and training make up an interactive triangle that operates to advance the sustainable competitiveness of the Group;
- c. envisioning training as a key element of professional qualification and development, and as a gateway to opportunities for promotion within the Group;
- d. ensuring that training programmes include aspects relating to respect for human rights and inclusive diversity and foster a culture of ethical conduct, without exclusionary or discriminatory biases. These programmes must be comprehensive, such that the technical, social and human aspects are considered as a whole in order for

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professionals to develop in their work not only the best qualifications, but also the principles and values that the Group wants to promote with society; and

- e. dissemination and sharing of the knowledge existing within the Group, ongoing learning and cultural exchange, so as to boost efficiency through the appropriate use of intellectual capital, in accordance with the provisions of the *Knowledge Management Policy*.

## 8. Main Principles of Conduct in connection with Performance and Development Evaluations

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

- a. perform periodic evaluations of the performance of the professionals of the Group based on objective standards;
- b. communicate the results thereof to the employees evaluated so as to favour their professional development; and
- 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 professionals involved.

## 9. Main Principles of Conduct in connection with the 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 main 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; and
- e. be at the forefront of the market, consistently with the position achieved by the Company and its Group.

## 10. Main Principles of Conduct in connection with the Reconciliation of Personal and Working Life

Achieving an effective work/life balance for professionals is a priority for the Group, which implements it through the following main principles of conduct:

- a. implement measures of reconciliation that promote respect for the personal and family life of professionals and facilitate the achievement of an optimal balance between the latter and work responsibilities;
- b. establish effective ways to make flexible the conditions for providing services, especially with regard to time and place of work, and which allow for the better adjustment thereof to the various situations that may arise in the private life of professionals;
- c. maintain commitments to external institutions, making an effort to honour the commitments assumed in order to obtain and maintain all certifications and awards given to the Group in connection with reconciliation and equality;
- d. favour the hiring of those suppliers that have internal measures favouring the reconciliation of personal and working life of their personnel; and
- e. address with due measures of reconciliation, among others, the situations of single, married, unmarried, divorced, separated, widowed and plurally cohabiting persons, with or without children, and with any other particular family or emotional circumstances, including the specific bond arising with animal companions.

## 11. Main Principles of Conduct in connection with Respect for Private Life and Digital Disconnection

The most recent organisational dynamics and the implementation of new technologies promote organisational efficiency, but at the same time blur the limits between the time dedicated to work and private life. As set forth in this *Policy*, the Group's priority is for its professionals to be able to fully develop their personal life in a way that is compatible with, and enriches, their work activities.

For these purposes, this *Policy* establishes certain guidelines that allow for the effective separation of the personal and work spheres, with special attention paid to the disconnection from digital devices, without favouring or discriminating against professionals, based on the following main principles of conduct:

- a. promote the most appropriate digital disconnection guidelines intended to encourage respect for rest time and facilitate the full development of a professional's personal life outside working hours and with the least possible interference from their professional obligations, which should only occur when the need is justified; and
- b. establish the standards for disconnection, which should take into account the specific situation of the different groups of professionals, particularly including: (i) those who must make themselves particularly available due to

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their high level of responsibility, their engagement in work covering territories in different time zones, or their state of preparedness to meet unpredictable needs, and (ii) those who engage in their work completely or predominantly from a distance, and particularly from their homes.

In this latter case, standards should be defined to ensure full respect for personal life and disconnection from work responsibilities, without prejudice to the business powers to control work and the required flexibility in working hours.

These guidelines for disconnection should be diverse based on the responsibilities of the different workforce groups and should cover the multiple and varied digital communication and information instruments supplied to professionals for the performance of work, particularly mobile devices, computers and tablets enabled for remote work or that receive professional e-mails.

## 12. Global Workplace Safety and Health 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 suited and adjusted 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* 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 companies of the Group.

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 the actions of the Group, and that all professionals contribute with their daily work to the achievement of the goals set in this field.

## 13. Work Ethics

The Board of Directors has approved a *Code of Ethics* that sets forth the main 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* in accordance with their internal rules, and the dependent companies thereof, to which this latter code shall apply.

The Compliance Unit has the duty to disseminate, interpret and inform the appropriate bodies of the level of compliance with the *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.

## 14. Main Principles of Conduct in connection with Corporate Volunteerism

The companies of the Group shall develop corporate volunteering programmes and campaigns that promote the participation of their professionals in community service actions, the goal of which is to put into practice the provisions of the *Purpose and Values of the Iberdrola group* and the *General Sustainable Development Policy* 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 corporate volunteering campaigns and programmes are thus an additional means for contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.

Said programmes and campaigns shall be guided by the following main principles of conduct:

- 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; and
- d. promote the values of participation, commitment, responsibility and teamwork.

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This *Policy* was initially approved by the Board of Directors on 17 February 2015 and was last amended on 19 April 2021.

