



Introduction to the Governance and Sustainability System



1. Iberdrola Renovables Energía, S.A.U. (the “ ”) is the head of business company of the renewable energy business of the Group in Spain. From the necessary corporate autonomy, it is responsible for the day-to-day running and effective management of the business that constitutes its corporate purpose and the consequent responsibility for its day-to-day control, without prejudice to the organising, supervising and strategic coordinating function attributed to Iberdrola España, S.A.U. as the Group’s subholding company for Spain.
2. The history of the Iberdrola Group dates back over 170 years to the incorporation of its parent company, Iberdrola, S.A. (“ ”) under the name Hidroeléctrica Iberica, S.A. in 1901 in Bilbao in order to meet the growing demand for electricity at that time in the main industrial regions of northern Spain. It is now a historic business, corporate and institutional reality of tremendous size and unquestionable value and significance, a benchmark for diverse stakeholders and closely linked to the economic, social and environmental surroundings in which it undertakes its business.
3. Iberdrola Group’s activities are focused on the energy sector, in which it heads a leading group in electricity production, transmission, distribution and supply, an essential commodity for millions of users and customers, through the use of environmentally-friendly energy sources and technologies, and promoting digital transformation.
4. The Company’s activity is dominated by its express commitment to the Iberdrola Group’s purpose and values, as well as its *Code of Ethics*, which underpin its corporate purpose and all business activity, constituting its identity, its *raison d’être* and its corporate philosophy.

The Iberdrola Group’s purpose, adopted by the Company, and which constitutes its *raison d’être*, is to continue building together each day a healthier, more accessible energy model, based on electricity, which contributes to the Sustainable Development Goals (SDGs) approved by the United Nations (especially those relating to universal access to electricity, the supply of affordable and clean energy and the fight against climate change, as well as to others such as promoting innovation, furthering education, protecting biodiversity, developing professional relationships based on diversity, inclusion and a sense of belonging, equal opportunity and non-discrimination in managing people, empowering women and special attention on less-favoured social groups), as well as respect for and protection of human rights in its sphere of activity.

Its corporate values, which include sustainable energy, integrating force and driving force, together with the essence of its corporate purpose, are the ideological and axiological basis of the Company and its business enterprise.

5. Through manifesting its purpose and the practical application of its values, the Company, as part of the Iberdrola Group, aspires to develop a comprehensive business function, to be recognised as a company that is institutional, open and committed to its stakeholders and the communities in which it has a presence and to combine its legal legitimacy with its irrefutable environmental and social legitimacy, based on its desire to play an active and strong leadership role in the search for sustainable progress within the framework of the social market economy and the global society in which it operates and undertakes its business.
6. With this projection, the Company shares Iberdrola’s corporate interest focused on creating shared sustainable value through its activities, always in accordance with its purpose and distinctive values and with the commitments made in its *Code of Ethics* and with all that they entail.
7. Through its integral business function and as an integral part of its corporate interest, the Company seeks to contribute the social, sustainable and responsible value that its activities entail for all stakeholders, sharing it with them in the form of a social dividend, which is the measure of its economic, social and environmental contribution to its surroundings and to achieving the Sustainable Development Goals, in order to progress the society within which it is integrated and in which it aspires to be a driver and lever for social and environmental change.
8. The Company also promotes a framework of relations with its stakeholders and communities in which it is rooted, based on active listening and on constructive dialogue, on the principle of responsibility and transparency, which also enables these stakeholders to participate in its purpose and its values, creating strong ties that generate trust and forge a sense of belonging to and participation in a great institutional enterprise.

Finally, the Company’s identity is also based on its own internal rules, which are developed around three main vectors: environmental and anti-climate-change performance, social commitment and the application of best corporate governance practices. These have been conscientiously and progressively developed as an instrument of organisation for all of its members to achieve its purpose and the corporate interest and social dividend, as well as to materialise its values and to guarantee its enterprise, identity and independence.

9. As the holding company, Iberdrola leads a group of companies in Spain, Portugal, other EU member States, the United Kingdom, the United States of America, Australia, Mexico and Brazil, among other countries, structured into three levels that differentiate the functions of strategy, supervision and control of the overall group (attributed to the holding company), those of organisation and coordination of the businesses in relation to the countries and/or the businesses (corresponding to the sub-holding companies of which the Company is one) and those of day-to-day administration and effective management of each of the businesses (the purview of the head of business companies).
10. The Iberdrola Group's corporate and governance structure operates jointly with the Group's business model, which enables global integration of the businesses, seeks to achieve maximum operational efficiency of the various units and ensures dissemination, implementation and monitoring of the general strategy, the basic management guidelines established for each of them and best practices.

This Iberdrola Group business model combines a decentralised decision-making structure that is inspired by the principle of "subsidiarity," with robust coordination mechanisms that ensure global integration of the Group's businesses, above all based on an effective checks-and-balances system, which prevents management power from being concentrated within a single governance body or a single person.

11. Iberdrola Renovables Energía, S.A.U. Governance and Sustainability System constitutes the internal regulatory framework for the Company, established, within exercise of the corporate autonomy that the law supports, to ensure that its purpose and values are materialised through its rules and that its business aims and goals are achieved.
12. This internal regulatory framework consists of a set of proprietary standards approved by the Company's governing bodies, as well as another set of standards that cover the Iberdrola Group, approved by Iberdrola's Board of Directors in its condition of holding company, or by the Board of Iberdrola España, S.A.U. in its condition of subholding company and which are adopted by the Company and thus incorporated into its Governance and Sustainability System.
13. Inspired by the *Purpose and Values of the Iberdrola Group*, the Governance and Sustainability System is based on the *Articles of Association*, approved by its sole shareholder, which represents the highest expression of Iberdrola Renovables Energía, S.A.U. corporate autonomy and which constitutes the primary source of its internal regulatory system.

The *Articles of Association* and particularly the preliminary title thereof, contain the purpose, the definition of the corporate enterprise, the specific concept of the corporate interest focused on creating shared sustainable value, the commitment to the social dividend and engagement with stakeholders and determining the essential bases and of the most significant foundations and aspects of its business, corporate and institutional organisation.

14. These basic principles and the *Articles of Association* as a whole are based on and should be interpreted in accordance with the provisions of the *Purpose and Values of the Iberdrola Group*, the Group's corporate philosophy upon which its enterprise is based, which reports its orientation to the organisation, guides its strategy and presides over the activity of all the companies that it comprises, as well as their initiatives and decisions.
15. The *Purpose and Values of the Iberdrola Group* are also the basis for the *Code of Ethics*, which further develops and provides concrete shape to the text thereof, is applicable to the Group's directors, professionals and suppliers and seeks to foster a culture based on ethics and on a commitment to sustainable development, shared by all those participating in the Group's value creation chain.
16. In addition to the *Articles of Association* and the *Purpose and Values of the Iberdrola Group*, the Company's Governance and Sustainability System, in line with the Group's sustainable development strategy, goes beyond the traditional focus on corporate governance and revolves around three key aspects: (i) environmental and anti-climate change performance, developed through the environmental policies, (ii) social commitment, which is emphasised in the social policies and (iii) corporate governance rules and policies.
17. As a regulatory instrument, the corporate policies are characterised by their function of linking and solidifying

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ideas and values into modes, patterns and standards of conduct, rationalising management decisions in various areas and on various issues that so require due to the nature thereof. To that same extent, they entail a positive limitation of the necessary discretion that the directors and professionals of the Company and of the other companies in the Iberdrola Group must have in the performance of their duties. As a result of this, they define secure guidelines for conduct, which, if adhered to, can lead to the prima facie presumption of conformance and suitability of the corresponding actions to the Company's purpose, values and corporate interest, to the materialisation and fulfilment of which they contribute.

18. Environmental policies, aligned with the goals and the path established by the Paris Agreement and the United Nations 2030 Agenda for Sustainable Development, constitute Iberdrola's response to environmental challenges such as climate change and biodiversity loss, while helping to identify and take advantage of the opportunities arising from the energy and ecological transition. In line with the *Purpose and Values of the Iberdrola Group* and its sustainable development strategy, they reflect the Company's commitment to combating climate change, to green recovery and to the environment in all its other manifestations, while seeking to generate value for its customers, shareholders and its other stakeholders.
19. Along these lines, the policies regarding its social commitment reflect the Group's link to human rights, the development of professional relationships based on diversity, inclusion and a sense of belonging, which are essential for promoting equal opportunity and ensuring non-discrimination in managing people, all within the framework of the Company's sustainable development strategy.
20. The corporate governance policies and rules fall into four categories: (i) corporate governance and regulatory compliance policies; (ii) risk policies; (iii) rules on governance of the corporate decision-making bodies and of other internal functions.
21. Within the framework of the law and the *Articles of Association*, the corporate governance and regulatory compliance policies define the directives and guidelines for conduct in which the *Purpose and Values of the Iberdrola Group* and its sustainable development strategy take shape and which guide the conduct of the shareholders, directors and professionals of the Group. These policies, inspired by the business and ethical ideas, principles and values making up the Company's ideological and axiological foundation, contain the detailed guidelines and directives on conduct ensuring that the Group's strategy is consistent therewith, favouring the strengthening and enrichment of the reality and identity of the Iberdrola Group and the communities within which it operates.
22. The purpose of the risk policies is to establish the basic principles and general framework for controlling and managing the risks that the Company and its Group are vulnerable to, especially including corporate risks and the specific risks of the various Iberdrola Group businesses.
23. The governance rules of the corporate decision-making bodies and of other internal functions include regulations, codes and procedures that establish, among other things, the composition, powers and rules of operation thereof, as well as the duties and obligations of their members.
24. Consistent with the structure described above, the Governance and Sustainability System is formally organised into five books: (i) Book One, which contains the *Articles of Association*; (ii) Book Two, referring to the Corporate Purpose, which includes the *Purpose and Values of the Iberdrola Group*, the *Code of Ethics*, the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy*; (iii) Book Three, on the environment and the fight against climate change, which groups together the environmental policies; (iv) Book Four, referring to social commitment, which contains the social policies; and (v) Book Five, on corporate governance, which contains the corporate governance and regulatory compliance policies, risk policies, rules on governance of the corporate decision-making bodies and other internal functions.
25. For its Governance and Sustainability System, Iberdrola Renovables Energía, S.A.U. aspires to enjoy the highest possible levels of compliance and dissemination, with particular emphasis on harnessing the most advanced and environmentally-friendly technologies and on the principles of regulatory transparency. Therefore, the full text and a summary of the documents it is made up of are available in Spanish and English on the Company's corporate website (<https://www.iberdrolarenovablesenergia.es/gobierno-corporativo>).
26. The Governance and Sustainability System is subject to a process of continuous review to ensure that it is always suitable and conforms to the facts and circumstances for which it is needed and includes the best practices in this area.

In Bilbao, on 17, March, 2021

The Board of Directors of Iberdrola Renovables Energía, S.A.U.

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