

**Compliance
System
Transparency
Report Iberdrola
Energía
Internacional,
S.A.U. and its
Subsidiary
Companies**

2023

October 2024

Table of contents

table of contents

1. INTRODUCTION	3
2. THE COMPLIANCE UNITS	7
2.1 Composition and duties	7
2.2 Budget and resources	8
2.3 Professional qualifications	8
3. COMPLIANCE RISK ANALYSIS AND ASSESSMENT	11
4. REGULATIONS	15
5. RISK MANAGEMENT	17
5.1 Assessment of third-parties	17
5.2 Sustainability - Supplier development	18
5.3 Strategic projects	19
5.4 Employees	19
5.5 Competition	21
5.6 Prevention of money laundering	21
6. TRAINING AND COMMUNICATIONS. ETHICAL CULTURE	23
6.1 Training	23
6.2 Communications	24
6.3 Ethical culture survey	25
7. INTERNAL REPORTING SYSTEM	27
8. MONITORING AND REVIEW	31
8.1 Monitoring indicators	31
8.2 Internal audit	31
8.3 External reviews	32
9. DISSEMINATION AND PROMOTION OF BUSINESS ETHICS	35

1.

Introduction

1. Introduction

Iberdrola Energía Internacional, S.A.U. (“Iberdrola Energía Internacional” or the “**Company**”) aims to ensure that its conduct and that of the people associated with it, in addition to the legislation in force and its Governance and sustainability system, complies and conforms to generally accepted ethical and sustainable development principles.

In this regard, the Company promotes a preventive culture based on the principle of “zero tolerance” towards the commission of illegal acts and all forms of fraud and corruption.

The Company’s Board of Directors (the “**Board of Directors**”) has approved the *Purpose and Values of the Iberdrola Group*, which sets out the *raison d’être* and the ideological and axiological basis of the business project of the companies belonging to the Iberdrola group (the “**Group**” or the “**Iberdrola Group**”) and presides over its daily activity. The contents of the *Purpose and Values of the Iberdrola Group* develops and takes shape in the Company’s *Code of ethics*, which is intended to serve as a guide for the actions of the directors, professionals and suppliers of the Group’s companies.

For clarification purposes, whenever “**Iberdrola Energía Internacional**” or the “**Company**” are mentioned in this report, reference is made to this company individually, whereas when reference is made to the “**Group**” it includes the Company and the companies in which it has a majority interest (the “**Subsidiary Companies**”). The Group does not have its own legal personality distinct from that of each of the aforementioned companies, nor does it therefore have its own specific management bodies or offices.

In addition to the *Purpose and Values of the Iberdrola Group* and the *Code of ethics*, the Board of Directors, exercising its responsibility, has approved the *Crime prevention policy* and the *Compliance and Internal Reporting and whistleblower protection system policy* and the *Anti-corruption and anti-fraud policy*.

Within this context, in order to give effect to the highest ethical standards established in its Governance and sustainability system, Iberdrola and the companies of the Iberdrola Energía Internacional and its Subsidiary Companies have established a compliance system that includes all regulations, formal procedures, and material actions intended to ensure the conduct of the corresponding company in accordance with ethical principles, the law, and internal regulations, in particular, the Governance and sustainability system, to contribute to the full realisation of the *Purpose and Values of the Iberdrola Group* and of the corporate interest, as well as to prevent, manage and mitigate the risk of breaches of regulations and ethics that may be committed by the directors, professionals or suppliers thereof within the organisation (the “**Compliance system**”).

The bodies and divisions directly entrusted with implementation, development and supervision are also part of the Compliance System. The fundamental elements of the Iberdrola Group’s Compliance System are, on the one hand, the crime prevention programmes and, on the other hand, each company’s internal information system, which includes their respective internal whistleblower channels for reporting possible irregular conduct or potential unlawful acts or acts contrary to the law or to the Governance and sustainability system.

Iberdrola
promotes a
preventive culture
based on “zero
tolerance” for any
form of fraud and
corruption

To ensure proactive oversight of the efficient functioning of the Compliance system, the Board of Directors established in 2023 the Company's Compliance Unit (the "**Compliance Unit**" or the "**Unit**") which has undertaken the duties previously assigned to the Company's Compliance division.

The Unit is a collegiate body of an internal, permanent nature, set up in accordance with the highest standards of independence and transparency linked to the **Company's Audit and Compliance Committee** (the "**Audit and Compliance Committee**"), in accordance with the provisions in its Governance and sustainability system, for which it has been attributed broad powers, budget independence and independence of action.

Similarly, in 2023, the boards of directors of Iberdrola Renovables Internacional, S.A.U, head of business company of the Group set up their own compliance units responsible for proactively and autonomously overseeing the implementation and effectiveness of the compliance system for their respective company. This is without prejudice to the prior existence of the corresponding compliance division in said company.

Furthermore, Iberdrola Deutschland, GmbH, head of business company in Germany, has its own compliance manager.

In accordance with the Governance and sustainability system, this compliance unit is linked to its board of directors. The functions of these compliance units include fostering a culture of ethical behaviour and 'zero tolerance' towards irregular actions and the commission of unlawful acts or acts contrary to the law or to the Governance and sustainability system, as well as monitoring the application and effectiveness of the compliance systems of its companies in a proactive and autonomous manner, without prejudice to the appropriate coordination carried out at Group level.

The Unit performs its duties related to the Compliance system of the Company in coordination with the Compliance Unit of Iberdrola S.A. (the "the Compliance Unit of Iberdrola S.A."), and coordinates those performed independently by the compliance unit of the head of business company.

This report, approved by the Unit on 7th October 2024, includes the main actions, initiatives and measures developed, promoted and adopted by the Unit and the different compliance units during 2023, which illustrate the functioning of the Compliance system of the Group's companies and highlight its effectiveness.

The Compliance Unit is linked to the Audit and Compliance Committee



2. The Compliance Units

2. The Compliance Units

2.1 Composition and duties

In July 2023, the Boards of Directors of Iberdrola Energía Internacional and de Iberdrola Renovables Internacional, following the reform to the Compliance system agreed by the Board of Directors of Iberdrola, S.A., as parent company of the Iberdrola group, aiming at advancing in perfecting and improving the compliance procedures and structures of the Iberdrola group and strengthening its independence, approved the configuration of the Compliance Units of said companies, as independent and autonomous internal bodies, linked to the Audit and Compliance Committee or, failing that, to the Board of Directors of the corresponding company, with powers in the field of regulatory compliance, especially in relation to the prevention and reaction to illegal conducts or those contrary to the Group's corporate governance system, and under the leadership of a director of compliance.

The Compliance Units, which were configured in the last quarter of 2023, undertake, among other, the duties attributed until that moment to the compliance divisions of said companies and meet whenever necessary, in the opinion of their respective chairpeople, to exercise their powers. Since their configuration, in 2023, each of the Compliance Units held one meeting.

The composition, competencies and functioning of the Compliance Units are regulated in the respective regulations of the Compliance Unit of the relevant company (the "Regulations"), which were approved by the board of directors of said companies and are updated on a regular basis.

With regards to Iberdrola Deutschland GmbH, given its recent reorganisation and direct control of the Company, is still undergoing an internal reorganisation and has not configured, for now, a Compliance Unit, but does have a compliance manager.

The members of the Unit are appointed by the Board of Directors of the relevant company, at the proposal, if applicable, of its Audit and Compliance Unit, following this composition:

- The chairman of the Unit, a position that since October 2023 and in line with the goals of updating the Governance and sustainability system in compliance matters is held by a professional external to the Group companies and their parent company, who is an expert of recognised prestige in such matters.
- The secretary of the Unit (non-member).
- The members of the Unit, one of whom shall be the Compliance Director of the Company (the "Compliance Director"). Other persons may include, but are not limited to, those responsible for different areas or functions related to compliance risk management.

The Compliance Director will manage the operation of the Unit and its budget and will be responsible for executing the actions included in the Annual activities plan and all those that are necessary for the Unit to proactively and autonomously perform its functions, regularly reporting to it on the performance of the aforementioned actions and will carry out the other functions attributed to it in the regulations, and in particular, in the Governance and sustainability system.

Since its configuration in November 2023, the Company's Unit has only held one meeting in the year and the unit of the head of business company has held another meeting.

The Compliance Unit, represented by its director, appears and reports regularly to the Audit and Compliance Committee

The Unit, represented by its director, appears and reports regularly to the Audit and Compliance Committee to report on activities, actions and incidents related to the compliance function. In 2023 the Compliance Director appeared 5 times before the Audit and Compliance Committee of Iberdrola Energía Internacional and 5 times before the Board of Iberdrola Renovables Internacional.

The Unit relates to the Unit of Iberdrola, S.A. through the Protocol for general coordination, collaboration and information which, approved by the Unit in accordance with the provisions of Governance and sustainability system, regulates the relations between them. Furthermore, the Unit related to the compliance units and managers of its Subsidiary Companies through the Protocol for general coordination, collaboration and information which, approved by the Compliance Unit of Iberdrola Energía Internacional, S.A.U. in accordance with the provisions of Governance and sustainability system, regulates the relations between them.

Without prejudice to their management autonomy, the units shall endeavour to coordinate their actions and to comply with the general guidelines issued by the Unit of Iberdrola, S.A. in order to ensure the effectiveness of the Compliance System of the companies of the Iberdrola Group.

In 2023, 18 coordination meetings were held with members of Iberdrola, S.A.'s compliance function.

2.2 Budget and resources

Both the Company's Compliance Unit Regulations and the regulations of the different compliance units establish that the compliance function will have the necessary material and human resources to perform their functions. Thus, on an annual basis, the respective governing bodies approve the budget of the Unit and the compliance units, giving them the necessary autonomy and independence for the exercise of their functions.

Budget of 352.6 thousand euros
in Iberdrola Energía Internacional, S.A.U. and its
Subsidiary Companies

2.3 Professional qualifications

The compliance director and the other professionals who work in compliance have proven knowledge, experience and skills to perform their duties. The chairperson of the Unit and of the compliance unit of the head of business company is an external professional of recognised standing in the field of Compliance.

4,5 fully dedicated employees
in Iberdrola Energía Internacional, S.A.U. and its
Subsidiary Companies

The main certifications in terms of compliance that have been obtained by professionals in the compliance function are as follows:

- Leading Professional in Ethics and Compliance (LPEC), issued by the Ethics and Compliance Initiative (ECI).
- Certified Fraud Examiner (CFE) issued by the Association of Certified Fraud Examiners (ACFE).
- Certification in Risk Management Assurance (CRMA) issued by the Instituto de Auditores Internos (IAI).
- COSO Internal Control Certificate issued by the Committee of Sponsoring Organizations of the Treadway (COSO).

Training and updating the knowledge of compliance professionals is one of the commitments promoted by the Unit. Accordingly, during the 2023 financial year, compliance professionals spent a total of 40,5 hours on various ethics and compliance training activities.

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3.

**Compliance
risk analysis
and
assessment**

3. Compliance risk analysis and assessment

The Compliance Units regularly update the compliance risk map, following the guidelines set out in the Compliance Risk Assessment Guide approved by the Unit of Iberdrola, S.A. This assessment includes an assessment of the likelihood of the materialisation of each of the risks and the impact that such materialisation would have.

These risk maps are drawn up on the basis of a homogeneous risk inventory for the Iberdrola Group's perimeter and using a common methodology. The risks to be assessed are shown in the table below:

RISKS
Harassment
Money laundering and the financing of terrorism
Supply chain
Cybercrime
Competition
Conduct in the securities market
Contraband
Corruption and fraud
Workers' rights
Discrimination
Embezzlement
Falsifying of public information
Fraud against public authorities and Social Security
Criminal insolvency
Impeding third-party supervision
Permits, licences and authorisations
Workplace risk prevention
Intellectual and industrial property
Consumer protection
Data protection
International sanctions
Trade secrets
Facility safety, environment and public health

Each compliance unit analyses the possible existence of such risks in each of the corporate areas and businesses of its respective company. In the risk assessment process, the managing team responsible for said areas and businesses is involved. Thus, during the 2023 financial year, compliance professionals met with a total of 72 Group executives to conduct the risk assessment for the year.

72 executives
have participated in the risk assessment

The information obtained is used to draw up the compliance risk map for each entity, which is updated periodically, identifying the main controls in place within the Group's perimeter to mitigate them and proposing, where appropriate, improvement actions to reinforce the effectiveness of these controls.

In 2023, in order to accredit the correct functioning of these controls, the Compliance system of Iberdrola Energía Internacional and its Subsidiary Companies has carried out 252 controls and obtained 590 pieces of evidence that are provided annually by the 102 professionals responsible for their execution.

The risk maps of each company are regularly updated by their respective compliance units.

590 pieces of evidence
of the correct performance of controls



4.

Regulations

4. Regulations

The Compliance system of Iberdrola Energía Internacional and of its Subsidiary Companies is structured based on: (i) certain regulations approved by the Board of Directors of Iberdrola, S.A. adopted by the governance bodies of Iberdrola Energía Internacional and of its Subsidiary Companies; and (ii) of the complementary regulations developed and approved and/or adopted by each compliance unit under the powers granted to it by its respective regulations.

REGULATIONS APPROVED OR ADOPTED BY THE BOARD OF DIRECTORS OF IBERDROLA ENERGÍA INTERNACIONAL ¹	REGULATIONS APPROVED OR ADOPTED BY THE COMPLIANCE UNITS
Code of ethics	General coordination, collaboration and information protocol
Compliance and Internal Reporting and Whistleblower Protection System Policy	Protocol for general coordination, collaboration and information of Iberdrola Energía Internacional, S.A.U.
Anti-corruption and anti-fraud policy	Protocol for corporate transactions
Compliance Unit Regulations of Iberdrola Energía Internacional	Protocol for social contributions, donations and sponsorships
Procedure for related-party transactions with members of senior management and delegated related party transactions	Protocol for the management of third party fraud and corruption risk of Iberdrola Energía Internacional
	Action protocol for fair competition
	Action protocol for the business relationship with the Public Administration
	Protocol for gifts and hospitalities
	Protocol for action in the event of notification of judicial and administrative penalty proceedings
	Compliance Risk Assessment Guide
	Third-party risk assessment Guide
	Guide on how to carry out the background check prior to taking up managerial duties

In addition, the Compliance Systems of each of the Group's companies includes another 503 procedures and internal regulations specific to the different areas and businesses of the companies that make up the Group, which also help to effectively prevent crimes and other irregular conduct being committed. These regulations are regularly updated and monitored by the compliance units to assess their preventive potential.

1. The regulations approved by the Board of Directors (except for the Procedure for related party transactions with Senior Management, and delegated related party transactions) are available at <https://www.iberdrolainternacional.com>

5.

Risk

management

5. Risk management

5.1 Assessment of third-parties

Pursuant to the provisions of the Protocol for the management of the risk of fraud and corruption of third parties, suppliers and debtors of the Group companies are assessed on fraud and corruption.

This analysis is carried out before the supplier can be invited to any contracting process.

The risk assessment of the third party considers, among other matters:

- Links with countries considered by the compliance function as higher than normal risk.
- International sanctions.
- Adverse news or incidents in the field of:
 - Human rights.
 - Modern slavery and child labour.
 - Corruption and bribery.
 - Anti-competitive practices.
 - Other irregularities and unlawful conduct.
- Links with persons with public responsibility or public entities.

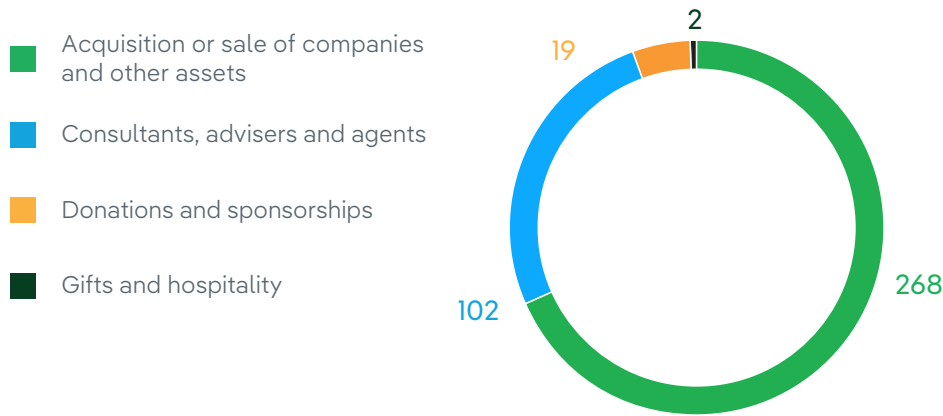
Based on this analysis, the compliance function rates the fraud and corruption risk of suppliers and debtors and records this rating in the corporate systems. If the risk is considered higher than normal, the compliance function will monitor all transactions intended to be entered into with that third party.

Suppliers and debtors considered as critical risk are blocked in the systems, which prevents the formalisation of any transaction or payment in relation to them.

662 third party assessments
carried out in 2023

After the initial screening upon registration, the Group's suppliers and debtors are monitored on a daily basis through the fraud and corruption databases (ongoing screening). The relevant compliance function is automatically alerted as soon as there is a new development concerning one of the Group's suppliers and debtors and immediately analyses it in order to update the risk assessment of that supplier or debtor.

NUMBER OF OPERATIONS SUPERVISED FOR COMPLIANCE (CLASSIFIED BY NATURE)



The contracts entered into by the Group’s companies include specific clauses on ethics and anti-corruption and anti-fraud provisions that bind the third party to business ethics and integrity.

5.2 Sustainability - Supplier development

The compliance function, in line with the Group’s strategic goals on sustainability, encourages the development of compliance systems in the third parties with which it interacts.

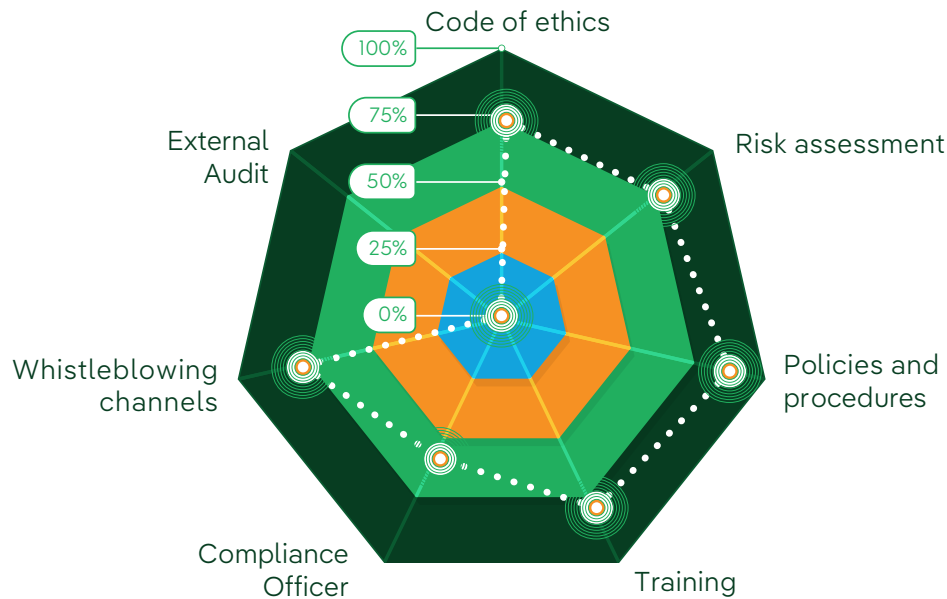
In coordination with the Purchasing Division, the compliance function maintains regular contact with strategic suppliers in order to promote the implementation in their organisations of effective compliance systems aligned with the principles set out in the Governance and sustainability System.

The impact of these actions is monitored through the evolution of the supplier’s score in the supplier assessment model developed by the Purchasing Division according to ESG criteria (Environmental, Social and Governance).

1,964 key suppliers
of the Iberdrola Group companies have a robust compliance system²

2. A score equal to or higher than 7 out of 10 or more in the ethics and compliance section of the supplier assessment model.

PRESENCE OF ELEMENTS OF A COMPLIANCE SYSTEM AT THE GROUP SUPPLIERS³



The compliance function is proactively requesting its key suppliers to have their ethics and compliance systems audited by an independent third party.

5.3 Strategic projects

The Investment policy approved by the Company's Board of Directors, involves the compliance function in strategic decisions, establishing the need for an analysis of the possible risk of fraud and corruption associated with each investment or divestment project. In 2023, the compliance function of Iberdrola Energía Internacional and its Subsidiary Companies assessed a total of 15 projects.

5.4 Employees

I Background checks

The Unit and the compliance units carry out prior checks on the persons who assume management functions in their respective companies, by analysing publicly available information, in order to ensure their suitability from a compliance perspective (background checks).

³. Information on the 4,125 suppliers of the Group companies with the highest turnover.

In 2023, the compliance function has carried out 18 background checks on members of the senior management teams in Iberdrola Energía Internacional and its Subsidiary Companies. None of the candidates were rejected as a result of these assessments.

18 background checks to the management team

I Conflicts of interest

In accordance with the provisions of the Code of ethics, professionals are obliged to report in writing any conflict of interest situations in which they find themselves.

In 2023, the compliance function collected 103 statements of conflicts of interest from members of the management team and certain professionals in key positions within the Group's perimeter. In addition, 6 spontaneous employee communications have been received reporting potential situations of conflict of interest. No specific preventive measures have been recommended.

109 communications of conflicts of interest

I Related transactions

In accordance with the provisions of the Procedure for related party transactions with members of senior management, delegated related party transactions and related party transaction lines and similar regulations applicable in head of business companies, the compliance divisions have sought 10 statements from the members of senior management of their respective companies about:

- (i) any conflicts of interest that they or their related parties may have with Group companies;
- (ii) and any related-party transactions they intend to carry out.

I Gifts and hospitality

The Protocol for gifts and hospitalities sets out the principles to be observed by professionals for the offer and acceptance of gifts from third parties in the professional environment.

The compliance function of Iberdrola Energía Internacional and its Subsidiary Companies has managed 15 queries related to the acceptance of gifts and hospitalities received.

15 queries regarding gifts and hospitalities

I Remuneration and performance

All persons joining the Iberdrola Group formally undertake to comply with the principles of ethics and transparency established in our Code of ethics.

As a sign of this strong commitment, the Group's strategic goals include a series of ESG indicators (Environmental, Social and Governance) among which are goals related to the compliance system. The achievement of these goals is linked to the variable remuneration of the management team throughout the Group.

In addition, the performance of each employee in accordance with the principles of ethics and transparency is one of the basic pillars of the annual performance appraisal process, in which both the employee and their immediate superior participate.

5.5 Competition

In accordance with the provisions of the Action Protocol for fair competition and similar regulations, a series of measures and controls have been implemented with the aim of ensuring compliance with the legislation in force in this matter concerning the following areas:

I Tenders and public auctions

Those responsible for submitting bids and taking part in public auctions provide an annual certification that these are prepared according to the principles established in the Action Protocol for fair competition. These verifications are done, among other, by those submitting offers in public tenders for building electric energy production facilities.

5.6 Prevention of money laundering

Although Iberdrola Energía Internacional and its subsidiaries are not subject to Law 10/2010, on money laundering and terrorism financing prevention, the risk of committing this type of crime is part of their respective crime prevention programs. As a consequence, all companies mentioned have controls in place to suitably cover this risk.

6.

**Training and
communications.**

Ethical culture

6. Training and communications. Ethical culture

6.1 Training

Training is one of the fundamental pillars of the compliance function and of the awareness of and compliance with the Code of ethics by all professionals in Iberdrola Energía Internacional and its Subsidiary Companies. Within this context, the Unit and the compliance units plan their training activity yearly in collaboration with the corresponding People and Organisation divisions.

The compliance divisions' training strategy is based on global training initiatives for the professionals of Iberdrola Energía Internacional and its Subsidiary Companies on compliance issues of a general nature and applicable to the majority of the workforce, and additionally develops specific training plans for certain groups of professionals for whom special and specific compliance risks have been identified. Accordingly, the Global Compliance Training Plan includes training activities specifically adapted to:

- Directors.
- Senior management.
- New hires.
- Managers and team leaders.
- Staff in key positions to mitigate risks.
- All other employees.
- Value chain.

For all this, the Unit and the compliance units use different training formats such as online courses, telematic courses, videos, face-to-face training sessions given by external professionals or by those responsible for the compliance function.

Of the 874 hours of training, through 28 events, 75.95% were done remotely through TEAMS, 17.09% were in person and 6.96% online. 89% of the active staff were trained as of 31 December 2023 with an average of 0.9 hours of training per employee. 422 employees have been trained on anti-corruption matters.



6.2 Communications

The dissemination and communication of the Group's ethical principles and the essential elements of the Compliance system of Iberdrola Energía Internacional and its Subsidiary Companies is one of its essential elements.

- The Unit has a Communications Plan for 2023-2025 setting the following goals: Ensuring that employees perceive the value that Compliance actions entail for themselves as well as for the company.
- Raising the awareness of professionals about the most relevant risks associated with their professional activity and the regulations or recommendations in order to minimise them.
- Promoting the participation of professionals in the Compliance activities that require it.
- Encourage the involvement of managers and middle management in the transmission of the compliance culture to their teams.

For communication activities, the different available tools and channels have been used, selecting the most effective according to the specific features of each case. The support, collaboration and advice of the Communications Division have been available at all times.

I Number of communication initiatives

INTERNAL ACTIVITIES		EXTERNAL ACTIVITIES	
Mailing	20	Professional events	2
Briefings	5	Press	1
Employee portal	8	Corporate website	1
Newsletter	3	TOTAL	4
Information screens	1		
Video	3		
WhtasApp	1		
TOTAL	41		

6.3 Ethical culture survey

The Units and the compliance units conduct a culture survey aimed at measuring the degree of ethical culture at Iberdrola Group companies and monitoring its evolution over time. This survey, which is carried out every two years and is addressed to all staff, covers the following issues:

- Knowledge of the compliance system.
- Perception of the compliance function.
- Irregularities observed and reported.
- Pressure to commit irregularities.
- Organisational justice.
- Perception of the integrity of colleagues, managers and the management team.

The latest survey conducted to date (2022), in which 40,10% of the staff participated, shows that these employees rate the ethical culture existing at Iberdrola highly.

40.10% of the staff
has taken part in the ethical culture survey

7.

Internal reporting system

7. Internal reporting system

Monitoring activities are conceived as detection and control mechanisms for verifying the effectiveness of the preventive measures implemented. They also enable the continuous improvement of the compliance system. The key element for detecting irregular conduct are the communication and complaint channels enabled in the Group.

The management of the internal whistle-blowing channels provided for in the Code of ethics and in the Policy on compliance and the internal information and whistleblower protection system corresponds to the Unit and to the compliance units of the different companies of the Group.

The Group’s internal whistleblower channels are configured as tools made available to all shareholders, directors, professionals, suppliers, and other third parties as determined by law to report conduct that may involve committing any irregularity or any act that is unlawful or contrary to law or to the Governance and sustainability system. In addition, these mailboxes can be used to submit queries on aspects relating to the interpretation of and compliance with the Code of ethics and to any matter relating to Compliance. All communications received through these internal channels are considered confidential information and, in the case of complaints, may be anonymous.

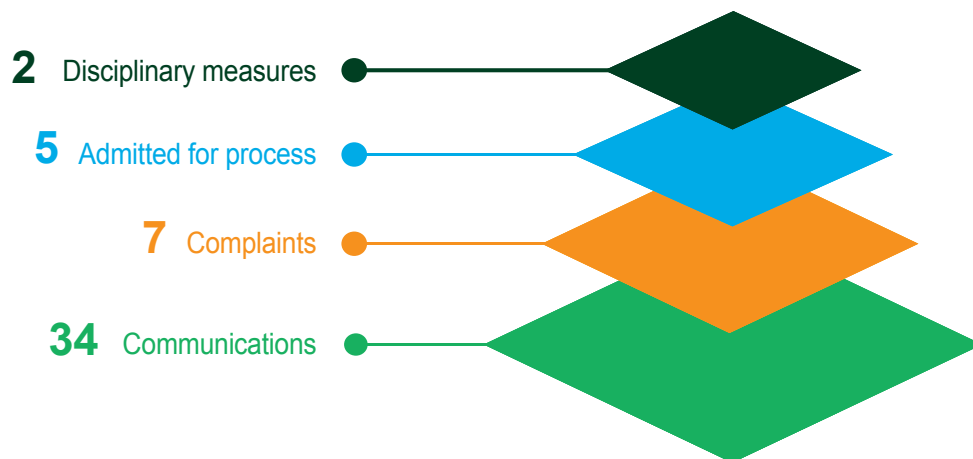
The Iberdrola Group companies have established a duty for the members of their governing bodies, their professionals, their suppliers, as well as for other third parties provided for in the applicable regulations, to report, through the aforementioned internal channels, any irregularities of which they are aware.

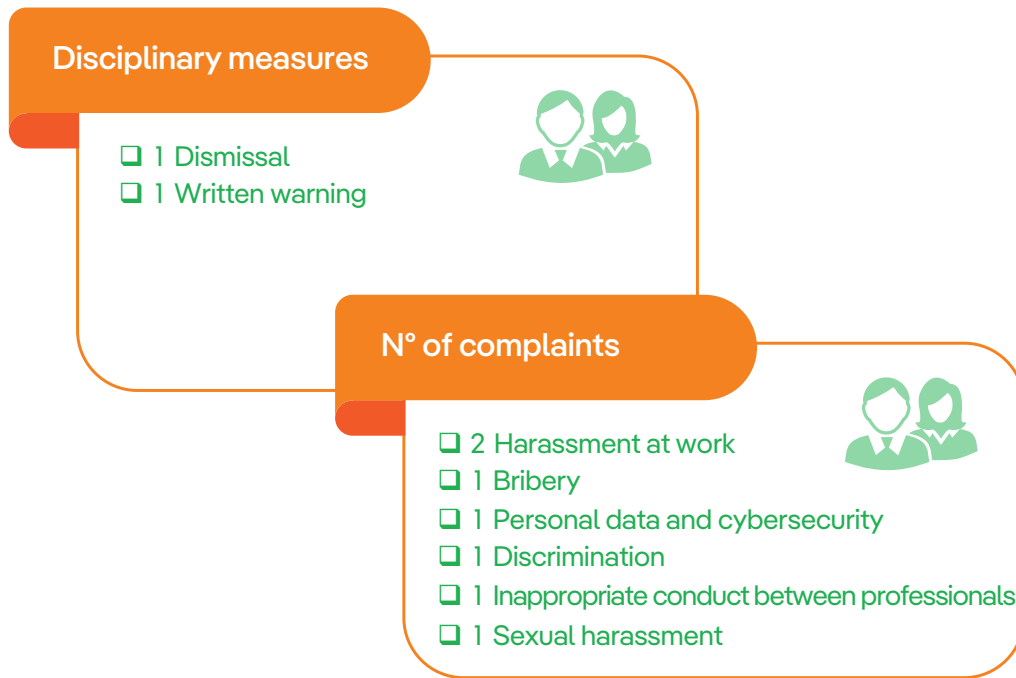
In all cases, the Group is firmly committed, as reflected in the Code of ethics, in the Policy on compliance and the internal information and whistleblower protection system and in the rest of the procedures and internal regulations on the matter, to the prohibition of reprisals against those who make use of the aforementioned internal channels, except in cases of bad faith.

These internal whistleblower channels, which allow for anonymous whistleblowing, are available on the websites of the companies of the Group and on the employee portal.

The processing of complaints and queries made through the internal whistleblowing channels corresponds to the competent compliance unit, as the case may be. Both involve an essential source of information for identifying points for improvement in the compliance system and additional prevention and control mechanisms.

The communications received at Iberdrola Energía Internacional and its Subsidiary Companies through the internal reporting and complaints channels in 2023 amount to a total of 34, of which 27 are queries and 7 are complaints.





Of the total 7 complaints received during the year, 5% have been admitted for processing. Three of them concluded without the adoption of any kind of disciplinary measures, since no evidence of irregular conduct or conduct contrary to the Code of ethics or the Governance and sustainability system has been found. The other two complaints resulting in the application in 2024 of disciplinary measures by the Human Resources function.

The employees of Iberdrola Energía Internacional and its Subsidiary Companies trust the channels enabled for submitting their complaints or queries, as results from the rate of communications received, which amounts to 3.5 communications per every 100 employees.

3.5 communications
per every 100 employees



8.

Monitoring and review

8. Monitoring and review

8.1 Monitoring indicators

On a frequent basis, the Unit supervises the effectiveness of the compliance system of the Group companies by reviewing the indicators of the main compliance risks (KRIs) as well as the effectiveness of the Unit's activity and the compliance divisions (KPIs). The indicators cover the following aspects, among others:

- Operations in countries considered by the compliance function to be above a higher-than-normal level of risk.
- Third-party risk assessment.
- Internal complaints channel activity.
- Monitoring risky operations.
- Ethical development of suppliers.
- Training activities.
- Internal and external communication initiatives.
- Conflicts of interest.
- Employee background checks.
- Gifts and hospitality given and received by professionals.
- Legal proceedings in which professionals are involved as a result of their activity and work in the Group.
- Audits and reviews of the Group companies' compliance systems.

8.2 Internal audit

Internal Audit, as an independent function, carries out periodic audits of the compliance system of Iberdrola Energía Internacional and its Subsidiary Companies, making the appropriate recommendations for their continuous improvement.

The Internal Audit Division formalised a coordinated assurance approach to the monitoring of the Compliance system, which has three main lines of action:

(a) Internal Audit Activity Plan

In general, Internal Audit carries out an on-going review of the Compliance system through the audit work included in the annual activity plans approved by the respective governance bodies. These plans are focused on covering the most relevant risks of any nature faced by the company, including, among others, reputational, regulatory and/or compliance risks.

(b) Specific review of the areas of the Compliance System

Specifically, and on a multi-annual basis, a review is carried out of the areas that make up the Compliance system:

- Code of ethics, in relation to the specific competencies entrusted to the Compliance Unit.
- Crime prevention programme (related policies, procedures and protocols).

(c) Collaboration in investigations and allegations that may affect the Internal control system

At the request of the Unit or the compliance units, the Internal Audit division will collaborate in investigations that may affect the corresponding companies' Internal Control System.

Within this framework of action, in 2023, the Internal Audit Divisions, among other works, has carried out a specific audit on the functioning of the Internal reporting system (whistleblowing channels).

The recommendations presented have been included in an action plan to monitor their implementation.

8.3 External reviews

ISO 37001 Certifications "Anti-bribery management system" and UNES 19601 "Criminal compliance management system"

In 2023, AENOR certified the Compliance system of Iberdrola Energía Internacional and its Subsidiary Companies, in accordance with:

- (i) the UNE 19601 standard on criminal compliance management systems, and/or
- (ii) II. the UNE-ISO 37001 standard on anti-bribery management system.

These certifications were first obtained by the Companies in 2021.

External audit of the crime prevention programmes

In 2023, the law firm Uría Menéndez issued an external audit report on the effectiveness of the crime prevention programmes implemented in the various Spanish Group companies. The review concludes that these programmes incorporate and adopt the best international practices, are effective and are useful in significantly reducing the risk of commission of the crimes that they seek to prevent. Likewise, the assessment work brought forth certain improvement recommendations, the implementation of which is coordinated by the respective compliance units.

Crime prevention programmes have been subject to the aforementioned annual audit since 2020.

Audit of the internal information system

During the 2023 financial year, Tarlogic conducted an independent audit of the functioning of the internal reporting channels (whistleblower channel). The main purposes for this audit have been as follows:

- Verify that when an anonymous communication is received through the whistleblowing channel form, it is materially impossible to find out the whistleblower's identity.
- Ensure that the content of communications received through the whistleblowing channel is not accessible to third parties or to anyone other than the user of the whistleblowing tool.

Following the assessment carried out and based on the evidence obtained, it has been concluded that the security measures implemented guarantee the confidentiality, integrity and availability of the data managed by the platform.

The Compliance
system
is externally
audited every year

9.

Dissemination and promotion of business ethics

9. Dissemination and promotion of business ethics

The compliance function carries out activities aimed at promoting the adoption of effective compliance systems in the business fabric, as well as the development and professionalisation of the compliance function in organisations.

In line with the above, throughout the year, Iberdrola continued to head an innovative project to develop a platform using blockchain technology to streamline and provide guarantees to the process of assessing the compliance of third parties. This project is carried out in collaboration with the Spanish Association of Registrars, Deloitte and the Institute of Compliance Officers.

