



Annual report on remuneration of directors and officers

Year 2023

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This Annual Report on Remuneration of Directors and Officers has been prepared by the Remuneration Committee of Iberdrola, S.A. pursuant to the provisions of Section 541 of the Spanish Companies Act (Ley de Sociedades de Capital), Circular 3/2021 of 28 September of the National Securities Market Commission, which amends Circular 4/2013 of 12 June establishing the templates for the annual remuneration report for directors of listed companies and for members of the board of directors and of the control committees of savings banks that issue securities admitted to trading on official securities markets, and Articles 13 of the Regulations of the Board of Directors and 3 of the Regulations of the Remuneration Committee of Iberdrola, S.A.

This report has been prepared in free-format design, in accordance with the regulatory approval set out Circular 3/2021 of 28 September of the National Securities Market Commission, although its content respects the minimum content established in the aforementioned regulations and is accompanied by the standard statistical appendix established therein, providing (in accordance with the principle of transparency established in the Remuneration Policy) clear and adequate information as much in advance as required and in line with the good governance recommendations generally recognised in international markets in the area of director remuneration.

At its meeting held on 20 February 2024, the Board of Directors of Iberdrola, S.A. approved this Report upon a proposal of the Remuneration Committee, which Report will be submitted to the consultative vote of the shareholders at the next General Shareholders' Meeting as a separate item on the agenda in compliance with the provisions of Section 541.4 of the Companies Act (Ley de Sociedades de Capital).



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The references included in this Annual Director Remuneration Report 2023 are available at the following links:

Contribution of value: social dividend	https://www.iberdrola.com/about-us/stakeholders/value-creation-social-dividend
Capital Markets & ESG Day – November 2022 (London)	https://www.iberdrola.com/shareholders-investors/investors/capital-markets-day
Code of Ethics	https://www.iberdrola.com/documents/20125/41995/code_of_ethics.pdf
By-Laws	https://www.iberdrola.com/documents/20125/42013/by_laws.pdf
Activities Report of the Board of Directors and of the Committees thereof	https://www.iberdrola.com/documents/20125/42388/ActivitiesReportBoardDirectors.pdf
Strategic Plan 2023-2025: Strategic objectives	https://www.iberdrola.com/about-us/iberdrola-strategic-plan
Stakeholder Engagement Policy	https://www.iberdrola.com/documents/20125/41860/stakeholder_relations_policy.pdf
Senior Management Remuneration Policy	https://www.iberdrola.com/documents/20125/41824/senior_officer_remuneration_policy.pdf
Director Remuneration Policy	https://www.iberdrola.com/documents/20125/41941/director_remuneration_policy.pdf
Purpose and Values of the Iberdrola Group	https://www.iberdrola.com/documents/20125/41995/purpose_and_values.pdf
Regulations of the Board of Directors	https://www.iberdrola.com/documents/20125/41980/regulations_board_directors.pdf
Regulations of the Remuneration Committee	https://www.iberdrola.com/documents/20125/41980/regulations_remuneration_committee.pdf
Governance and Sustainability System	https://www.iberdrola.com/documents/20125/41908/governance_sustainability_system.pdf



Introduction



Introduction

The Remuneration Committee of Iberdrola, S.A. (hereinafter, “**Iberdrola**” or the “**Company**”) has prepared this Annual Report on Remuneration of Directors and Officers (hereinafter, the “**Report**”), which includes a summary of the current Director Remuneration Policy (hereinafter, the “**Policy**” or the “**Remuneration Policy**”) which was **approved at the 2021 General Shareholders’ Meeting by 92%**, as well as a description of how it has been applied during financial year 2023.

Along these lines, the application of the Director Remuneration Policy promotes the following measures:

- **Ensure** alignment with best practices to guarantee global competitiveness.
- **Link** remuneration with the business strategy.
- **Align** variable remuneration with the creation of long-term sustainable value.
- **Motivate** loyalty and commitment through long-term incentives.
- **Protect** the interests of stakeholders with appropriate mechanisms.

Commitment to sustainable development and value creation

The commitment of the Remuneration Committee has always been to align the management carried out by officers (whether or not they are directors) with sustainable development and the creation of value for all stakeholders. The Remuneration Committee plays an active role in ensuring that remuneration is linked to shareholder performance (“Pay for Performance”), while integrating the “social dividend” in recognition of the broader interests of the stakeholders.

In its decision-making process, the Remuneration Committee receives input from **independent external advisors**, leverages the **experience and expertise present in other committees of the Board of Directors**, as well as receives **technical support of the officers**, to ensure the effectiveness of the Remuneration Policy through a multi-pronged approach.

An example of Iberdrola’s commitment to the group’s professionals and its investment on the development of internal talent is the **internal promotions that have taken place over the last decade**, including for the most important positions within the Company, with officers from the businesses becoming board members. This approach drives Iberdrola’s commitment to attracting, retaining, motivating and developing the best talent, while ensuring that remuneration is closely aligned with the business strategy and long-term sustainability goals.

In fulfilling this commitment, the Remuneration Committee has taken into account the results of the **Work Climate Survey**, which assesses the perception of the group’s professionals regarding their alignment with the strategy. Of the more than 80% of professionals who responded, **over 85% are committed to the business plan** – and strategic priorities of the Company – established for the coming years.

This high level of commitment is the result of the **focus and continuity** with which Iberdrola’s strategy has been defined and of the **full commitment** of the Group’s officers and professionals, led by **the executive chairman, who has not sold a single Iberdrola share deriving from his remuneration plans since he joined the Company in 2001**.



The Remuneration Committee rewards this success and commitment, which has consistently contributed to building the trust that will continue to motivate the progress of both people and the Company.

Active listening to stakeholders to ensure alignment and responsiveness

Year on year, there **has been an increase in the support of shareholders who have placed their trust in the approach** to director remuneration, which is a result of the Remuneration Committee dedication in the ongoing process of interacting with and listening to stakeholders, including institutional investors and proxy advisors, and considering their feedback.

During the financial year under review, **Iberdrola continued its two-way dialogue with its main institutional shareholders and proxy advisors to address various issues**, including director and officers (whether or not they are directors) remuneration. Iberdrola held meetings with all shareholders who accepted its offer to meet, as well as with all shareholders who asked to meet with the Company, maintaining contact with at least 40 institutional shareholders, representing approximately 40% of the Iberdrola's capital, and the two main global proxy advisors: Institutional Shareholder Services (ISS) and Glass Lewis.

The heads of Investor Relations, ESG and the Office of the General Secretary and Secretary of the Board participated in these two-way dialogues on behalf of the Company, and in some cases with the participation of the director authorised for such purpose, **showing the broad support for the remuneration practices** of Iberdrola, considering its successful long-term track record and its link to the *Pay for Performance* principle.

The topics discussed varied among shareholders and proxy advisors, but mainly related to the overall clarity of the Director Remuneration Report, providing greater disclosure of the performance measures in place, and how Iberdrola compares remuneration with other companies.

Based on the internal review and the feedback received, **improvements have been** made to the Annual Remuneration Report for financial year 2023, as this is the first year in which the Report is presented in **free form**, which allows the following aspects, among others, to be developed with **greater scope** and **transparency** in the Report:

- Development of the link between the remuneration earned in 2023 by officers (whether or not they are directors) and Iberdrola's results ("Pay for Performance").
- More detailed explanation of the remuneration mix, including a greater breakdown of variable remuneration linked to long-term results.
- More detail on the functioning of "malus" and "clawback" clauses in both short- and long-term variable remuneration.
- Greater explanation of measures regarding excessive risk exposure in terms of establishing metrics and assessing metrics.

"Pay for Performance" in volatile environments

The market environment in 2023 has been challenging. Volatility caused by macroeconomic and geopolitical tensions (such as rising interest rates and the evolution of geopolitical



conflicts) has had an impact on the business. This has clearly affected decision-making by the various economic players.

In this context, **Iberdrola achieved outstanding performance during financial year 2023**, thus continuing with a solid execution of meeting the ambitious targets communicated at the Capital Markets & ESG Day in London in November 2022. This includes (i) increasing **EBITDA** to more than €16,500 million, (ii) having a **network asset base** of approximately €56,000 million by 2025 (and approximately 70,000 MW of installed capacity, of which 80% has zero emissions, while maintaining financial solvency), and (iii) **dividend growth** in line with the growth in net profit, reaching a dividend per share of between €0.55 and €0.58.

Iberdrola has also continued to make progress on communicated non-financial objectives, such as a strategy of **decarbonisation aligned with the objectives of the Paris Agreement** (based on emissions that are currently already 70% lower than those of European competitors). The Company is also committed to **promoting diversity and the inclusion of women** in senior positions, a **sustainable and responsible supply chain**, and **Capex aligned with European taxonomy** and financed mainly with **green/sustainable instruments**.

The above mentioned objectives are integrated into the Remuneration Policy and seek to ensure a positive contribution from the officers (whether or not they are directors) in meeting Iberdrola's publicly communicated long-term objectives.

Key remuneration results in 2023

During financial year 2023, Iberdrola continued its leadership in the promotion of renewable energies, exceeding 42,000 MW of renewable energy in operation by the end of 2023 and with approximately 8,000 MW under construction, and it is leading the energy transition towards a low-emission economy. Reflecting this continuity and under the principle of prudence, the Remuneration Committee concluded that the **maximum total remuneration opportunity for officers (whether or not they are directors) as well as the remuneration mix remained appropriate**.

As in previous years, the Remuneration Committee believes that **any increase in remuneration of the officers (whether or not they are directors) should be the result of achieving clear, pre-established strategic objectives, as well as share price appreciation with respect to long-term variable remuneration**.

Specifically, for the Executive Chairman and the Chief Executive Officer, the Remuneration Committee has established the following:

- **Fixed remuneration:** there has been **no increase** in fixed remuneration during 2023 and **no increase is expected for 2024**.
- In addition, it should be noted that there is **no pension commitment for the Executive Chairman**.
- **Short-term variable remuneration (annual bonus):** the **maximum opportunity** for short-term variable remuneration **has been maintained** for 2023 and **no increase is expected for 2024**. Short-term variable remuneration will continue to be subject to the achievement of clear objectives to be disclosed *ex post* due to the strategic and commercial sensitivity of the targets set. For the Executive Chairman, the **portion of short-term variable remuneration linked to financial objectives will increase from 50%**



to 70% for 2024 and the ceiling for annual variable remuneration will remain at 144% of annual fixed remuneration.

- Long-term variable remuneration in shares (strategic bonus): the latest award was approved at last year's General Shareholders' Meeting with 92% shareholder support. These share plans are awarded every three years, rather than annually, and require the achievement of pre-disclosed (*ex ante*) objectives that are fully aligned with the strategic plan.

Conclusion

The Remuneration Committee will remain firmly committed to aligning the remuneration of directors and officers (whether or not they are directors) with the performance of the various businesses in which Iberdrola operates and with the expectations of its shareholders and other stakeholders to ensure that the **Remuneration Policy links the contribution of Iberdrola's professionals to the long-term strategic and sustainability goals of the Company.**



A. Remuneration policy of the company for the current financial year



A. Remuneration policy of the company for the current financial year

As of 31 December 2023, and as of the date of preparation of this Report, Iberdrola's Board of Directors is composed of 14 members with significant experience in the energy industry.

The Board of Directors has a diverse composition, considering multiple factors, including:

- The varied skills, knowledge and professional backgrounds provided by the existence of a **large majority of external directors** (85.71%), and **particularly of independent directors** (71.43%).
- The presence of **directors from six countries** (Brazil, Spain, United States of America, France, Great Britain and Italy) **in line with the international coverage** of the group.
- **A balanced presence of women and men** (50/50 distribution of external directors of each gender and **no gender with a representation of less** than 42.86% of the total number of directors).

Without prejudice to the non-delegable powers provided for by law and the Governance and Sustainability System, **the Board of Directors will generally entrust the duties of strategic supervision, organisation and coordination at the group level to the Chairman of the Board of Directors and to the Chief Executive Officer with the technical support of the officers, who shall disseminate, implement and monitor the overall strategy and the basic guidelines for the management thereof established by the Board of Directors.**

In addition, the continuous improvement plan for financial year 2023, derived from the process of evaluating the operation and composition of the Board of Directors, includes, among other things, the combination of the participation on the Board of Directors and its committees of senior executives with knowledge of the talent of the officers.

A.1.1. Explain the current director remuneration policy applicable to the year in progress

As of the date of preparation of this Report, the Remuneration Policy in effect at Iberdrola is the one approved by 92% of the shareholders at the General Shareholders' Meeting held on 18 June 2021 and which has been in force since the financial year of its approval and will be in force during financial years 2022, 2023 and 2024.

Board of Directors

The Remuneration Policy as it relates to directors in their capacity as such reflects the following practices:



Directors in their capacity as such

- They are remunerated on the **basis of the positions held** and **attendance** at meetings of the corporate bodies.
 - They **do not participate in variable remuneration schemes**.
 - They **do not receive remuneration through the delivery of shares**, share options or remuneration rights linked to the value of the shares.
 - They **do not participate** in the **long-term savings schemes** such as pension plans, retirement systems or other social welfare systems.
 - The **maximum amount** of annual remuneration to be paid to the directors in their capacity as such is **€9,000 thousand**.
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The remuneration amount that the Company allocates annually to the directors, including the executive directors, is limited to a maximum amount equal to 2% of the consolidated group profits obtained during the financial year, after covering legal and other mandatory reserves and the issuance to the shareholders of a dividend of at least 4% of the share capital.

Officers (whether or not directors)

The main focus of the Remuneration Policy is to **link remuneration to the Company's performance**, and to **align the interests of the officers (whether or not they are directors) and stakeholders**, including shareholders, and it follows the same standards as the Senior Management Remuneration Policy, based on the following five principles:

1. **Attraction and retention**: market remuneration that attracts and retains talent, adequately rewards the dedication and responsibility assumed by the directors, and is commensurate with the remuneration paid at comparable companies, for which regular benchmark analyses will be performed.
2. **Remuneration linked to value creation taking into account all stakeholders**: focused on maximising value creation and committed to the Purpose and Values of the Iberdrola Group, which allows for maximising the social dividend and shareholder return as well as the achievement of the Company's long-term sustainability. All of the foregoing is within the framework of the Iberdrola Group's commitment to all of its stakeholders.
3. **Remuneration linked to the Company's performance with establishment of challenging and clear objectives**: ensuring that remuneration contributes to the achievement of Iberdrola's strategic objectives, which are regularly published and updated by the Board of Directors.
4. **Long-term commitment aligned with the interests of the shareholders and with the long-term strategy and sustainability**: the Policy is aligned with the long-term strategy and sustainability, through the attraction, retention, motivation and development of the best talent, on fair and competitive terms, which is the best way to contribute to the business strategy and to the long-term interests and sustainability of the Company and of the Iberdrola Group.
5. **Risk measures**: set appropriate maximum limits to any variable remuneration as well as suitable mechanisms in order for the Company to be able to cancel ("malus" clause) or



obtain reimbursement (“clawback” clause) of the variable components of both short- and long-term remuneration if the payment has not conformed to the terms of performance or if such variable components have been paid based on information later shown to be inaccurate.

These five principles are applied through an appropriate remuneration mix for the officers (whether or not they are directors) that includes fixed remuneration, short-term variable remuneration (annual bonus) and long-term variable remuneration (strategic bonus), which is linked to the Company’s performance, with a duration of six years (three for performance evaluation and three for settlement) and which are awarded every three years rather than annually, thus ensuring that there is no overlap between them.

Principles applicable to the officers (whether or not they are directors)	Elements of the Remuneration Policy		
	Fixed remuneration	Short-term variable remuneration (annual bonus)	Long-term variable remuneration (strategic bonus)
Attraction and retention	●	●	●
Remuneration linked to the creation of value considering all stakeholders		●	●
Remuneration linked to the Company’s performance with establishment of challenging and clear objectives		●	●
Long-term commitment aligned with shareholder interests and the long-term strategy and sustainability			●
Risk measures: “malus” and “clawback” clauses		●	●

The Remuneration Policy as it relates to the officers (whether or not they are directors) reflects the following practices:

Officers (whether or not directors)

- **No guaranteed remuneration:** no contracts with guaranteed salary increases and no guaranteed variable remuneration not subject to challenging and clear objectives.
- **Pay for Performance:** remuneration linked to the Company's performance through the setting of challenging and clear strategic objectives, with a significant weight in total remuneration.



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- **Neutrality in variable remuneration:** the Board of Directors, under the principle of neutrality, endeavours to ensure that the accrual of variable remuneration of any kind is not based merely on the general performance of the markets, of the industry in which the Company operates, or other similar circumstances.
 - **Multiple metrics to measure performance:** consideration of shareholder and stakeholder interests in variable remuneration, with a portion of variable remuneration linked to sustainability goals.
 - **Long-term non-overlapping incentives:** long-term variable remuneration, with awards every three years ensuring there is no overlap.
 - **Transparency of objectives:** long-term variable remuneration linked to the Company's strategic objectives, including sustainability objectives reported in advance (*ex ante*) and approved by its shareholders. These objectives are aligned with Iberdrola's strategy as communicated to the markets.
 - **Deferral:** 3-year deferral period for long-term variable remuneration.
 - **Dilution:** share delivery plans are not implemented by means of capital increases or similar instruments.
 - **Risk measures:** "malus" and "clawback" clauses are established applicable to the variable remuneration (short- and long-term) of the directors.
 - **No hedging:** there is no hedging of the Company's shares.
 - **Independent external advice:** independent advice from specialised firms reporting directly to the chair of the Remuneration Committee.
 - **Continuous two-way dialogue with shareholders:** ensuring proper understanding of the Remuneration Policy and its application, as well as analysis of key concerns.
 - **Long-term savings schemes (pensions):** long-term savings schemes exist for officers but no long-term savings scheme has been established for directors.
 - **Shareholding Policy:** the Executive Chairman and the Chief Executive Officer may not transfer ownership of the shares received for a period of three years unless they maintain a net financial exposure to changes in the share price having a market value equivalent to at least twice the fixed remuneration.

The high level of commitment of the officers (whether or not they are directors) is the result of the focus and continuity with which Iberdrola's strategy has been defined, led by the Executive Chairman, who holds all of the Iberdrola shares deriving from his remuneration plans since he joined the Company in 2001.

The level of votes in favour by shareholders was 92% for the Remuneration Policy at the General Shareholders' Meeting held in 2021, higher than the average level of approval of remuneration policies at other Ibex-35 companies since 2021. The Remuneration Committee relied on the outside advice of Sagardoy Abogados, S.L.P. in preparing the Policy, including aspects such as the compliance of the Remuneration Policy with applicable new legislation.



A new Director Remuneration Policy will be submitted for approval at the General Shareholders' Meeting to be held in 2024, effective as from the time of its approval and for the next three financial years, i.e. 2025, 2026 and 2027.

Interaction with shareholders

The Board of Directors, continuing with Iberdrola's aspiration to lead the energy sector, will take into consideration the information received as a result of the ongoing two-way dialogue between the Company represented by the heads of Investor Relations, ESG and the Office of the General Secretary and Secretary of the Board, and in some cases, with the participation of a member of the Board of Directors, and its shareholders (retail and institutional) and proxy advisors. The Board of Directors also takes into consideration both the best practices identified at other listed companies and existing practices for the directors, the officers (whether or not they are directors) and the general remuneration schemes of the professionals of the Iberdrola group.

A.1.1.a) Procedure and bodies involved in determining, approving and applying the remuneration policy and the terms and conditions thereof

General Shareholders' Meeting

- Approves the Director Remuneration Policy, which constitutes the Company's highest-level set of regulations on director remuneration after the By-Laws.
- Approves the remuneration of the directors consisting of the delivery of shares of the Company or of any options thereon or which is indexed to the price of the Company's shares.

Board of Directors

- Proposes the Director Remuneration Policy to the shareholders for approval on the terms established by law and the Governance and Sustainability System.
 - Approves the remuneration of the directors within the overall limit established in the By-Laws and in accordance with the provisions of law and the Director Remuneration Policy.
 - Proposes variable share-based remuneration plans for approval by the shareholders at a General Shareholders' Meeting.
 - Approves the performance of officers (whether or not they are directors) in the annual variable remuneration upon a proposal of the Remuneration Committee.
 - Approves the performance of the Company in the long-term variable remuneration upon a proposal of the Remuneration Committee.
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Remuneration Committee

- Submits the proposed Director Remuneration Policy to the Board of Directors for approval and subsequent submission to the shareholders at the General Shareholders' Meeting, issuing the corresponding specific explanatory report required by Section 529 *novodecies* of the Companies Act.
- Regularly reviews the Director Remuneration Policy, proposing to the Board of Directors any amendment and update thereof and reporting thereto on any issues that may arise in connection with the interpretation and application of said Policy and standards.
- Endeavours to ensure compliance with the remuneration programmes of the Company and reports on the documents to be approved by the Board of Directors regarding remuneration.
- Proposes to the Board of Directors the system and amount of the annual remuneration of the directors, as well as the individual remuneration of the officers (whether or not they are directors) and the other basic terms and conditions of their contracts, including fixed remuneration, annual or multi-annual variable remuneration, incentive plans and strategic bonuses in shares and any potential compensation or severance payment that may be established in the event of removal, in all cases in accordance with the provisions of the Governance and Sustainability System and of the Director Remuneration Policy.
- Endeavours to ensure that that the Board of Directors is in a position to approve in advance the application, objectives, standards and metrics of the various items of remuneration established for the current financial year in accordance with the Policy approved by the shareholders at the General Shareholders' Meeting.
- Ensures that the Board of Directors is in a position to evaluate the achievement of the objectives, standards and metrics established during the previous year to determine the variable remuneration earned by the officers (whether or not they are directors) in that year sufficiently in advance. And, if applicable, for short- and long-term variable remuneration, proposes to the Board the cancellation or reimbursement of remuneration that has been paid to the respective beneficiaries.
- Annually verifies, on the basis of information provided to the Remuneration Committee, that the remuneration policies for directors and officers are properly applied, that no payments are made that are not provided for therein, whether circumstances have arisen that justify the application of "malus" (cancellation) or "clawback" (reimbursement) clauses, and propose, if appropriate, suitable measures to recover any amounts that may be due.
- Regularly reviews the general remuneration programmes for the group's workforce, assessing the suitability and results thereof, considering that they promote physical, mental and emotional well-being, as well as a healthy, safe, pleasant, diverse and inclusive working environment.

The employee remuneration policy ensures the establishment of **decent and appropriate salaries** consisting of cash remuneration above the legal



minimum wage established in each country and a set of social benefits that conforms to the different social/labour realities of the territories in which Iberdrola does business, and **which are above the market average** of comparable companies in each country with respect to pension plan **benefits**, savings benefits and healthcare insurance.

- **Proposes** to the Board of Directors **remuneration policies and standards** for the officers and the regular review thereof, proposing to the Board of Directors any amendment and update thereof.
- **Reports** and submits to the Board of Directors the proposals of its chairman regarding the **structure of remuneration** of the officers and the basic terms of their contracts.
- In the process of reviewing the Policy, the Remuneration Committee considers employee remuneration and how **remuneration is aligned with the Purpose and Values** of Iberdrola.
- In **consultation with other committees**, particularly the **Audit and Risk Supervision Committee**, the Remuneration Committee evaluates whether the remuneration system encourages excessive or inappropriate risk-taking. This evaluation takes into account the nature of Iberdrola's risks in the design of variable remuneration plans.
- In **consultation with other committees**, particularly the **Sustainable Development Committee**, the Remuneration Committee evaluates the appropriate transposition of the Company's sustainable development strategy, with particular emphasis on environmental, social and corporate governance and regulatory compliance policies in the remuneration system. This evaluation takes into account Iberdrola's commitment to sustainable development in the design of variable remuneration plans.

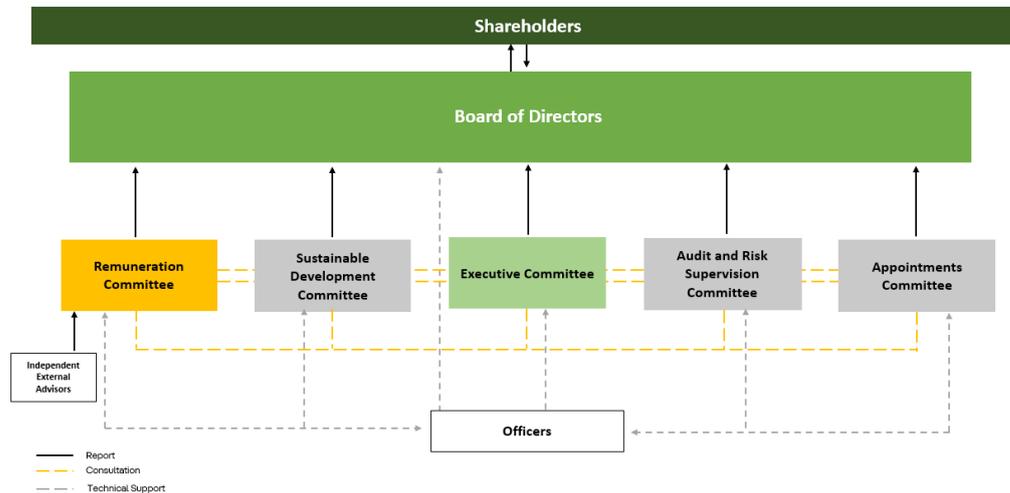
External advisors of the Remuneration Committee

- Performs an appropriate assessment of the **independence of the external advisor(s)** if the participation thereof is required for the preparation of the Director Remuneration Policy.
 - **Seeks the help or advice of external professionals**, who must address their reports directly to the chair of the Remuneration Committee, endeavouring to ensure that any possible conflicts of interest do not prejudice the independence of the external advice received.
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Interactions of the Remuneration Committee

In the performance of its duties, the Remuneration Committee works proactively and in consultation with other committees, particularly the Audit and Risk Supervision Committee, the Sustainable Development Committee and the Appointments Committee.



A.1.1.b) Consideration of comparable companies to establish the Company's remuneration policy

The Remuneration Policy takes into account talent, effort, creativity, leadership and the ability to implement the commitment to its *Purpose and Values* as the main differentiating elements in its leadership of the global energy industry, using the companies listed on the STOXX Europe 600 Utilities and S&P 500 Utilities indices as a benchmark to maximise the social dividend and shareholder return and to contribute to the achievement of the Company's strategic objectives.

The Remuneration Committee devotes particular attention to regularly reviewing the following matters, among others:

- The Director Remuneration Policy to keep it **in line with the main recommendations and best practices identified**, including those adopted by institutional investors.
- The general remuneration programmes for the workforce, **assessing the suitability and results** thereof.

Iberdrola's leadership

It should be noted that as of 31 December 2023, the Company is the leading European utility in terms of market capitalisation and the second largest globally. It is also the leader in renewables, spearheading the energy transition towards a low-emission economy. The group supplies energy to close to 100 million people in dozens of countries and carries out its renewables, networks and commercial activities in Europe (Spain, United Kingdom, Portugal, France, Germany, Italy and Greece), the United States, Brazil, Mexico and Australia, and it maintains markets such as Japan, Taiwan, Ireland, Sweden and Poland, among others, as growth platforms.



Over the past two decades, Iberdrola's business model has demonstrated its ability to constantly monitor new technologies and strategically decide when to invest in them to achieve its ambitious decarbonisation targets. This includes the leading role played by the Executive Chairman in driving Iberdrola's growth on the Company's three pillars: the renewables business, the networks business (with regulated and stable revenues) and the customer business, with personalised and innovative solutions.

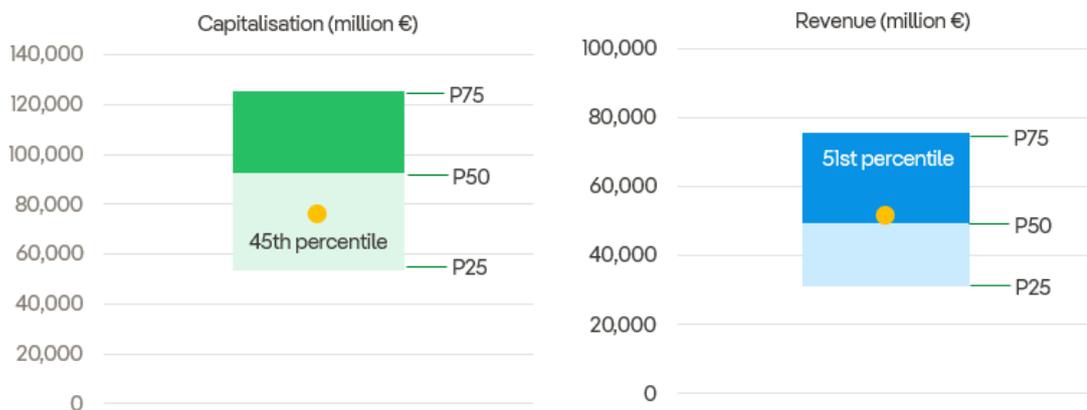
This is why Iberdrola became a Harvard case study as a leader in the challenge of renewable production and supply, at the forefront of this new revolution in which it is the benchmark.

Iberdrola's comparison group

As is customary practice, at the beginning of each financial year, the Remuneration Committee engages an independent external adviser (Ernst & Young Abogados, S.L.P. has been retained for financial years 2023 and 2024) to perform a comparative analysis of the total remuneration of the directors, as well as of the practices and disclosures adopted by other global companies similar in size to Iberdrola in terms of capitalisation, turnover, complexity (including risk management and internal control), sustainability ambitions, ownership structure (e.g. fewer than half of the leading companies of the STOXX Utilities in terms of capitalisation are companies with a full free float), and international presence.

In order to ensure consistency and homogeneity with previous years, after a considered review, it has been deemed appropriate to maintain the criteria for identifying the group of global companies to determine its peer group: (i) utilities, (ii) global leaders, (iii) Ibex-35, and (iv) energy transition. This approach is considered the most appropriate given Iberdrola's leadership position and taking into account that companies in a specific sector or index are not directly comparable to each other.

In application of the above criteria, a benchmark group has been defined, not only for remuneration purposes in terms of director remuneration, but also taking into account all the practices required by the Board of Directors. This group is made up of approximately the following 40 companies, with Iberdrola generally positioned in the median in terms of capitalisation and turnover:



Source: Benchmark analysis of the total remuneration of the directors of Iberdrola, S.A. Ernst & Young, Abogados, S.L.P.



The main and specific peer group selection criteria are described below:

Utilities (Global)

- Companies listed on the STOXX Europe 600 and S&P 500 Utilities indices.
- Companies belonging to the European Round Table of Industrialists and Business Round Table.
- Companies with at least 50% of Iberdrola's turnover in the last financial year, provided that the market capitalisation exceeds €10,000 million. This minimum turnover standard is not applied to companies with a market capitalisation higher than that of Iberdrola.
- Excluding state-owned companies.

5 companies: NextEra Energy, Duke Energy, The Southern Company, E.ON and Constellation Energy

Leaders (Global):

- Companies listed on the FTSE Eurotop 100 and S&P 500 indices.
- Companies belonging to the European Round Table of Industrialists and Business Round Table.
- Turnover in the last financial year and market capitalisation between approximately 50% and 200% of Iberdrola's size.
- Leaders in reputational excellence and highly rated for operational excellence with leadership in products/services or customer experience.
- International presence and geographic diversity comparable to that of Iberdrola.
- Financial services and insurance companies excluded.
- Excluding state-owned companies.

31 companies: 3M, ABB, Air Liquide, Archer-Daniels-Midland, BASF, Boeing, Caterpillar, ConocoPhillips, Deere&Company, Dow, FedEx, General Dynamics, GE, GSK, Heineken, Holcim, Honeywell, Humana, IBM, Medtronic, Nike, Northrop Grumman, Pfizer, QUALCOMM, Rio Tinto, Schneider Electric, Siemens, Starbucks, Unilever, Volvo and Walt Disney.

Ibex-35 (Spain)

- Top companies by market capitalisation in the Spanish market.

3 companies: INDITEX, Santander and BBVA.

Energy transition (Europe)

- European companies repositioning to meet the challenges of the energy transition.
- Excluding state-owned companies.

4 companies: Shell, BP, TotalEnergies and Repsol.

According to the results of the comparative analysis of the total remuneration of the directors:

- Positioning in terms of capitalisation and turnover: Iberdrola is positioned in the **median** of the comparison group in terms of the main dimensions (capitalisation and turnover).



- Positioning in total remuneration: the Executive Chairman's total remuneration is approximately in the **median** and the Chief Executive Officer's total remuneration is approximately in the **third decile**.

A.1.1.c) Information on external advisors

Taking into consideration the recommendations and the main demands of investors, both retail and institutional, as well as the best practices identified at other listed companies, the Remuneration Committee has relied on the collaboration and advice of independent external professionals for some aspects of the preparation of the Policy, which professionals have addressed their reports directly to the chair of the Remuneration Committee.

Throughout financial year 2023 and up to the date of preparation of this Report, the Remuneration Committee has received independent advice from the following specialised firms:

-
- PricewaterhouseCoopers Asesores de Negocios, S.L. ("PwC Asesores") in connection with the performance evaluation of the Executive Chairman and Chief Executive Officer.
 - Ernst & Young Abogados, S.L.P. in relation to the comparative benchmark analysis of the total remuneration of the directors with respect to comparable companies.
-

A.1.1.d) Procedures set forth in the current remuneration policy for officers (whether or not they are directors) in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy

As provided in the Remuneration Policy, the Board of Directors, after a favourable report from the Remuneration Committee, can apply temporary exceptions to the variable components of the remuneration (both short- and long-term) of officers (whether or not they are directors) when this exceptional situation is required to serve the **long-term interests and sustainability of the Company** as a whole or to ensure the viability thereof pursuant to the provisions of the new Section 529 *novodecies* 6 of the Companies Act.

The temporary exception to the variable components of remuneration (both short- and long-term) may result in both upward and downward adjustments, and in **no case may it result in a payment in excess of the maximum approved variable remuneration. Any use of this temporary exception should be justified and explained** in the Annual Director Remuneration Report.

As indicated in Section **B.1.3**, no use was made of the temporary exception during the reporting period.

A.1.2.

Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix). Criteria and objectives for their determination and to ensure an appropriate balance between the fixed and variable components



The remuneration mix of Iberdrola's officers (whether or not they are directors) is comprised of both short- and long-term fixed and variable components and is designed in such a way as to ensure the attraction and retention of the best talent and the alignment of their conduct with the interests of the Iberdrola Group and the achievement of its business strategy, promoting its long-term sustainability, in accordance with best practices at the domestic and the international level.

Pursuant to the **principle of neutrality**, the Board of Directors shall ensure that the accrual of variable remuneration of any kind is not based merely on the general performance of the markets, of the industry in which the Company operates, or other similar circumstances.

Variable remuneration is designed to provide significant upside and downside potential based on the Company's performance against pre-determined target metrics. A significant portion of the remuneration is directly dependent on the achievement of specific results that are important for the Company's long-term success, sustainability, and creation of value.

This remuneration mix is strongly affected by the significance of the variable components in accordance with the following basic principles:

- Include a significant **annual variable component** tied to performance and to the achievement of pre-established, specific, quantifiable objectives in line with the corporate interest and strategic goals of the Company.
- Foster and encourage the attainment of the strategic goals of the Company through the inclusion of **long-term incentives** to align the interests of officers (whether or not they are directors) with those of the shareholders, while strengthening continuity in the competitive development of the group, generating motivation and loyalty.
- Set appropriate **maximum limits to any variable remuneration** (short- and long-term) as well as **suitable mechanisms in order for the Company to be able to obtain reimbursement** of the variable components of remuneration if the payment has not conformed to the terms of performance or if such variable components have been paid based on information later shown to be inaccurate (such as "malus" and "clawback" clauses).

The components of the remuneration mix for officers (whether or not they are directors) are as follows:

- **Fixed remuneration:** this seeks to attract and retain talent and reward the work of officers (whether or not they are directors), based on their level of responsibility, dedication, track record and professional experience, such that the necessary professionals are available to achieve the objectives of the Iberdrola Group. Pursuant to the current Policy, this component of remuneration shall be in line with the remuneration paid by companies that are comparable in terms of capitalisation, turnover, complexity (including risk management and internal control), sustainability ambitions, ownership structure and international scope. The review of fixed remuneration also takes into account market remuneration studies by leading global firms specialising in remuneration.
- **Short-term variable remuneration (annual bonus):** is intended to incentivise the achievement of the group's annual objectives and those specific to the position, aligning the dedication and efforts of the officers (whether or not they are directors) with the business strategy. The annual variable remuneration of the Executive Chairman and the Chief Executive Officer shall be fully paid in cash.



The maximum limit of the short-term variable remuneration applicable to the Executive Chairman and the Chief Executive Officer for financial year 2024 is reflected in Section [A.1.6](#).

Annual variable remuneration shall be linked to the achievement of pre-defined strategic, specific, and quantifiable objectives aligned with the *Purpose and Values*, the achievement of the business strategy and the long-term economic/financial interests and sustainability of the Company, growth (operational/industrial) and other objectives relating to the Sustainable Development Goals.

The pool of targets to which short-term variable remuneration is linked will be those relating to parameters such as:

Economic / Financial
<ul style="list-style-type: none">- Net profit, gross operating income (EBITDA), cash flow, etc.- Investments.- Evolution of shareholder remuneration in comparison with other values and indices.- Financial strength.- Efficiency level of the group.
Growth
<ul style="list-style-type: none">- Selection and implementation of investments.- Project portfolio.
Sustainable Development Goals – Non-financial
<ul style="list-style-type: none">- Development and application of the Stakeholder Engagement Policy and commitment to the social dividend.- Development of the Equality, Diversity and Inclusion Policy.- Results in the fight against climate change.- Management of corporate reputation, measured in terms of presence in sustainability and ethics indices.- Training of the group's professionals.- Resiliency and reinforcement of cybersecurity plans.- Levels of occupational safety, health, well-being and labour climate.

The parameters to which the annual variable remuneration of the Executive Chairman and the Chief Executive Officer for financial year 2024 is linked are detailed in Section [A.1.6](#).

The Remuneration Committee, in consultation with the Audit and Risk Supervision Committee and the Sustainable Development Committee, shall evaluate the performance of each of the officers (whether or not they are directors), for which purposes it may rely on the advice of an independent expert (PwC Asesores was retained for the evaluation of 2023 targets), and it shall submit a reasoned proposal to the Board of Directors for approval thereof.

The Board of Directors, based on a proposal made by the Remuneration Committee, taking into account regulatory uncertainty and the occurrence of exceptional circumstances during the financial year, among other factors, shall have a margin of discretion in evaluating compliance with the indicators. Any use of this margin of discretion beyond the



approved maximum for variable remuneration must be justified and explained in the Report.

- **Long-term variable remuneration (strategic bonus):**

Long-term variable remuneration is intended to encourage commitment to the Iberdrola Group's long-term strategic goals, linking a portion of remuneration to value creation and shareholder return, as well as to the sustainable achievement of the strategic objectives of the Company and the maximisation of its social dividend. Multi-annual variable remuneration is linked to the Company's performance and long-term interests and is implemented through share delivery plans linked to the achievement of long-term objectives, which typically have a term of **six years** (three for the evaluation of performance and three for settlement thereof). **Long-term variable remuneration plans are awarded every three years rather than annually, which ensures that there is no overlap between them.**

Share delivery plans are subject to approval by the shareholders at a General Shareholders' Meeting, who establish the maximum number of shares to be delivered and **provide clear visibility regarding the dilution** that could be caused through these long-term remuneration incentives. Share delivery plans are not implemented by means of capital increases or similar instruments.

The shareholders also approve the objective and quantifiable parameters determining the accrual thereof, as well as their relative weight.

The parameters include **economic and other variables related to sustainability**, including environmental and social factors. Each parameter is assigned a specific weight, as well as a minimum level above which it is considered to be achieved and another level above which it is considered fully achieved.

The Remuneration Committee evaluates performance in consultation with the Audit and Risk Supervision Committee and the Sustainable Development Committee and determines the level of achievement of the pre-established parameters.

The Company applies a long-term share-based incentive plan (strategic bonus) directed to executive directors, management personnel and other professionals who are considered to contribute decisively to the creation of value due to their position or responsibility within the group, consisting of the delivery of shares **linked to the performance of the group in relation to the development of the Outlook, updated on Capital Markets & ESG Day.**

The measurement of the targets for the 2020-2022 Strategic Bonus ended on 31 December 2022. To this end, the Remuneration Committee has been advised by an independent expert (PwC Asesores) for the evaluation of the parameters of the 2020-2022 Strategic Bonus. A reasoned proposal of the Remuneration Committee has been submitted to the Board of Directors for approval.

In view of the foregoing, the first delivery took place in financial year 2023 and during 2024 and 2025 and on occasion of each delivery of Iberdrola shares, there will be an evaluation as to **whether it is appropriate to confirm or cancel, in whole or in part, the payment**



corresponding to each financial year, and also, if applicable, to **claim reimbursement, in whole or in part, of the Iberdrola shares already delivered.**

In addition, at the General Shareholders' Meeting held on 28 April 2023 the shareholders approved the 2023-2025 Strategic Bonus as a long-term share-based incentive linked to the Company's performance from 2023 to 2025 in relation to pre-determined financial, business and sustainable development parameters, which if achieved will be paid in 2026, 2027 and 2028. The criteria used, together with their associated weights and targets, have been disclosed *ex ante* in accordance with the Outlook communicated at the Capital Markets & ESG Day held in London in November 2022.

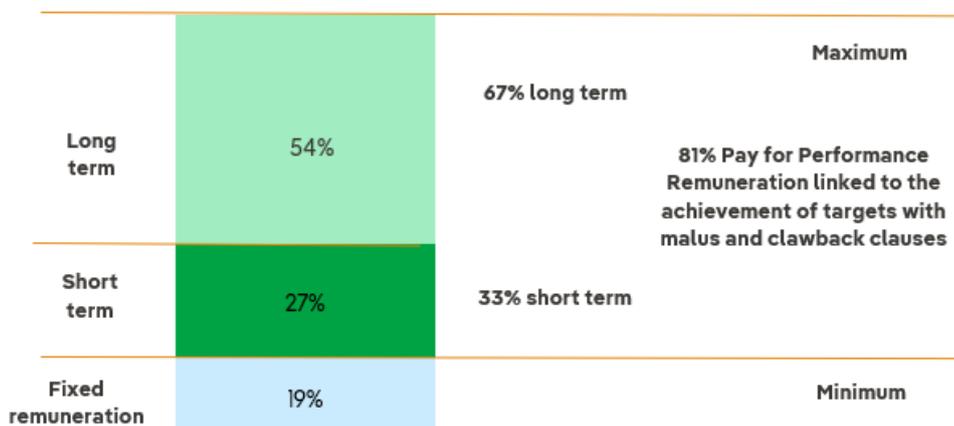
- **Benefits:** the remuneration system for officers (whether or not they are directors) will be supplemented by health, life and accident insurance and other benefits in line with the practice followed by companies with comparable capitalisation, turnover, complexity (including risk management and internal control), sustainability ambitions, ownership structure and international scope.
The officers (whether or not they are directors) also have limited electricity allowances through rate concessions at their customary and permanent home or residence and at temporary homes.

Remuneration mix that seeks the creation of value considering all stakeholders and linked to the Company's performance, with establishment of challenging and clear objectives

When determining the proportion of each element of total remuneration (remuneration mix), the Remuneration Committee continuously monitors market practices and trends, taking into account the Company's preference for strengthening variable remuneration linked to performance and the achievement of objectives.

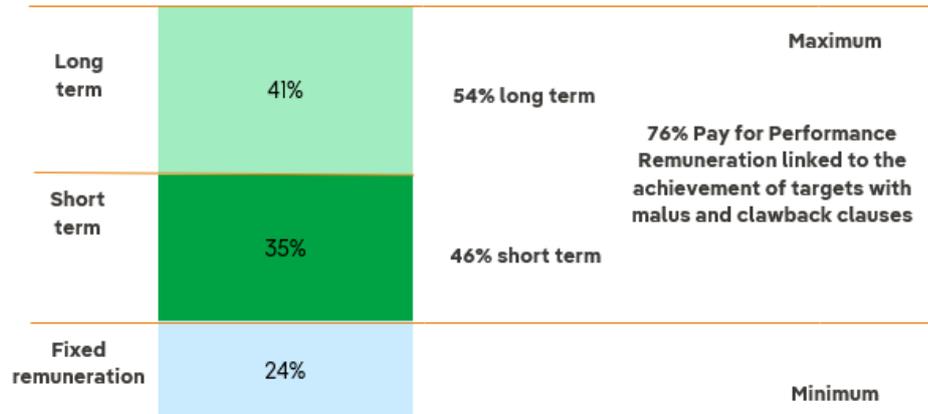
The objectives to which the variable remuneration of the Executive Chairman and the Chief Executive Officer are linked, described in Section A.1.6 of this Report, project an ambitious and challenging scenario for the Company, which is not satisfied with simply continuing its profitable growth, being financially sound and being committed to the Sustainable Development Goals, but rather seeks to continue strengthening its global leadership in the energy transition and in decarbonisation as recognised by the stakeholders.

Executive chairman

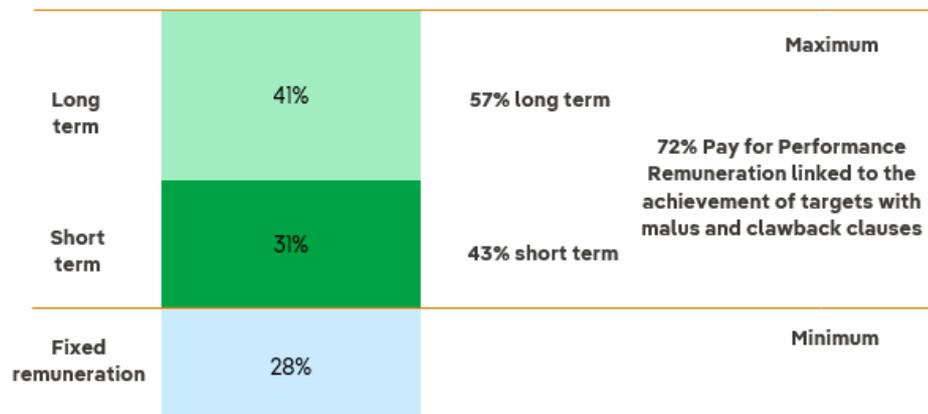




Chief Executive Officer



Other officers



Actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures taken to ensure that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company, and measures in place to avoid conflicts of interest.

Actions taken by the Company to help reduce excessive exposure to certain risks

As regards the different actions taken by the Company to help reduce excessive exposure to certain risks and align it with the Company’s long-term objectives, values and interests, Iberdrola’s Governance and Sustainability System contemplates the participation of the following:



Remuneration Committee

- Proposes to the Board of Directors the remuneration policies applicable to the directors and to the members of senior management, issuing the corresponding specific explanatory report required by Section 529 *novodecies* of the Companies Act.
- Regularly revises the Remuneration Policy, proposing any applicable amendment and update thereof to the Board of Directors.
- Performs an appropriate assessment of the independence of the external advisor if the participation thereof is required for the preparation of the Director Remuneration Policy.
- Proposes to the Board of Directors the system and amount of the annual remuneration of the directors, as well as the individual remuneration of the officers (whether or not they are directors) and the other basic terms and conditions of their contracts, including any potential compensation or severance payment that may be established in the event of removal.
- For short- and long-term variable remuneration, proposes to the Board the cancellation or reimbursement of remuneration that has been paid to the respective beneficiaries.

Audit and Risk Supervision Committee

- Pursuant to the Director Remuneration Policy, the Executive Chairman and the Chief Executive Officer may not transfer ownership of the shares received for a period of three (3) years unless they maintain a net financial exposure to changes in the share price having a market value equal to twice the annual fixed remuneration (Shareholding Guideline).
The Executive Chairman holds all of the Iberdrola shares deriving from his remuneration plans since he joined the Company in 2001.
- Article 44 of the Regulations of the Board of Directors provides that the directors of Iberdrola must adopt the measures necessary to avoid entering into conflicts of interest pursuant to the provisions of law.

Long-term results of the Company

The ultimate goal of the Director Remuneration Policy is to help develop the *Purpose and Values*, such that the remuneration of the Company's directors is commensurate with the dedication and responsibility assumed, taking into consideration the Company's desire to lead the energy sector. This desire is based on aspects like the provision of a high-quality service through the use of environmentally-friendly energy sources, innovation, digital transformation in its area of activity, the fight against climate change, and commitment to a social dividend and the generation of employment and wealth in its surroundings.

Within this context, the Director Remuneration Policy is governed by the following principles, among others:

- Align the remuneration policy of the Company as a whole with the *Purpose and Values*, with the commitment to maximise the social dividend and with shareholder return, as these terms are defined in the By-Laws, and with the achievement of the long-term



sustainability of the Company. All of the foregoing within the framework of the Iberdrola Group's commitment to all of its stakeholders.

- Ensure that the remuneration helps to achieve the strategic goals of Iberdrola, which are regularly published and updated.

In particular, the Remuneration Policy fosters and encourages the attainment of the strategic goals of the Company through the inclusion of long-term share-based incentives, strengthening continuity in the competitive development of the group, and generating a motivating effect that acts as a driving force to ensure the loyalty and retention of the best professionals.

Measures to avoid potential conflicts of interest

With respect to the measures established to avoid conflicts of interest, Article 44 of the Regulations of the Board of Directors provides that the Iberdrola's directors must adopt the measures required to avoid conflicts of interest as provided by law.

Articles 43, 45, 46 and 47 of the Regulations of the Board of Directors govern the obligation not to compete, the use of corporate assets, the use of non-public information for private purposes and the exploitation of business opportunities by the company. Conversely, Article 49 sets out the specific aspects on which the Board must report to the Company.

In addition, management personnel and other professionals of the Iberdrola Group attached to **divisions or areas that report functionally to the Audit and Risk Supervision Committee or the Sustainable Development Committee of Iberdrola may not participate as beneficiaries of long-term variable remuneration**, in order to ensure the necessary autonomy and independence of these functions, which are part of the second and third lines of defence, and to strengthen the effectiveness of the internal control system of the Iberdrola Group.

Furthermore, indicate whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or delivery of accrued and vested financial instruments, or whether any clause has been agreed reducing the deferred remuneration not yet vested or obliging the director to return remuneration received, when such remuneration has been based on figures that have since been clearly shown to be inaccurate.

The basic principles of the Director Remuneration Policy include **establishing adequate mechanisms so that the Company can obtain reimbursement of the variable remuneration components (both short- and long-term)** in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate ("malus" and "clawback" clauses).

In particular, Iberdrola's long-term variable remuneration system has a **duration of six years**, of which the initial three-year period is the period for evaluating the performance level compared to the parameters to which the plan is linked, and the next three financial years are the settlement period. Therefore, the delivery of shares under the multi-annual variable remuneration system is deferred for three years.



2020-2022 Strategic Bonus (during settlement period)	6-year period					
	2020	2021	2022	2023	2024	2025
	Evaluation period			1/3	1/3	1/3
	Grant	Settlement period with “malus” and “clawback” clauses				

2023-2025 Strategic Bonus (during evaluation period)	6-year period					
	2023	2024	2025	2026	2027	2028
	Evaluation period			1/3	1/3	1/3
	Grant	Settlement period with “malus” and “clawback” clauses				

In this regard, for each delivery of shares there will be an evaluation by the Board of Directors, upon a report from the Remuneration Committee, of whether to confirm or cancel, totally or partially, the payment corresponding to each financial year, and, if applicable, to claim the total or partial reimbursement of the shares already delivered (or the amount thereof in cash) in the event of a material restatement of the financial statements on which Iberdrola’s Board of Directors based the evaluation of the performance level, provided that said restatement is confirmed by the external auditors and is not due to a change in accounting rules, and further provided that the foregoing reformulation results in the delivery of a number of shares lower than the one originally provided or the delivery of no shares at all.

In the case above the Company shall decide on the number of Iberdrola shares, if any, to be returned within a period of thirty (30) days, calculated for each beneficiary as the difference between the following amounts:

- Number of shares delivered during the financial year in which the triggering event has occurred.
- Number of shares to be delivered, resulting from the new calculation as a result of the occurrence of the triggering event.

For each delivery of shares, prior to accrual and payment, deferred variable remuneration requires a report from the Remuneration Committee confirming that the rationale supporting such deferred variable remuneration still applies. If there is a circumstance that subsequently requires a correction of the parameters taken into consideration during the initial evaluation, the Board of Directors will decide whether to cancel payment of the deferred variable remuneration in whole or in part (“malus” clauses), and even to demand the total or partial return of amounts already paid (“clawback”). These circumstances include fraud, serious violation of the law, and a material restatement of the financial statements on which the Board of Directors based the evaluation of the performance level, provided that said restatement is confirmed by the external auditors and is not due to a change in accounting rules.



A.1.3. Amount and nature of fixed components that are due to be accrued during the year by directors in their capacity as such

The remuneration to which directors are entitled in their capacity as such is structured in accordance with the following criteria within the framework of law and the By-Laws:

1. Directors receive a **fixed annual amount in line with benchmarks**, based on the positions they hold within the Board of Directors and the committees of which they are members.
2. The maximum amount of annual remuneration to be paid to the directors as a whole in their capacity as such (excluding any potential compensation for their non-compete commitment) is €9,000 thousand in each financial year in which this Policy is in effect.

From 2008 until 2023, the Board of Directors, upon a proposal of the Remuneration Committee, has unanimously decided to **maintain unchanged the amounts of fixed remuneration** of the directors in their capacity as such, which are presented below:

Fixed remuneration of the directors for belonging to the Board of Directors and to the committees thereof (€ thousands annually):

- Chairman of the Board: 567
 - Vice-chairs of the Board and/or Chair of any of the Committees: 440
 - Member of the Board: 165
 - Member of any of the committees: 88
-

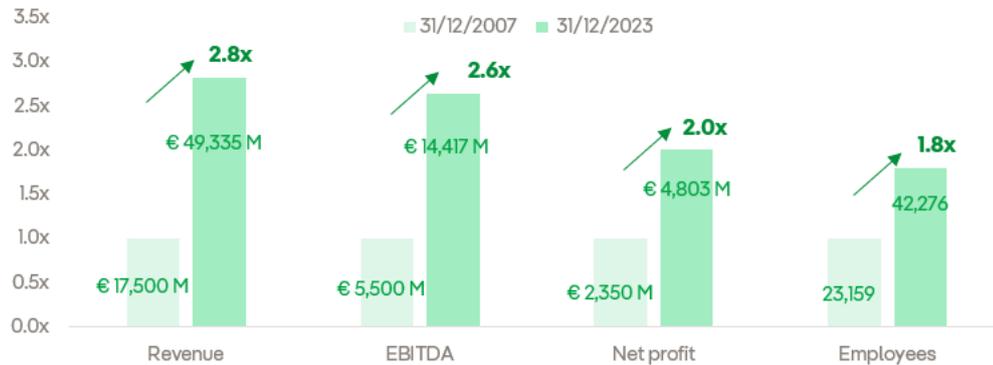
Attendance fees:

Fees received by the directors for attending the meetings of the Board of Directors and of the committees thereof (€ thousands per meeting)

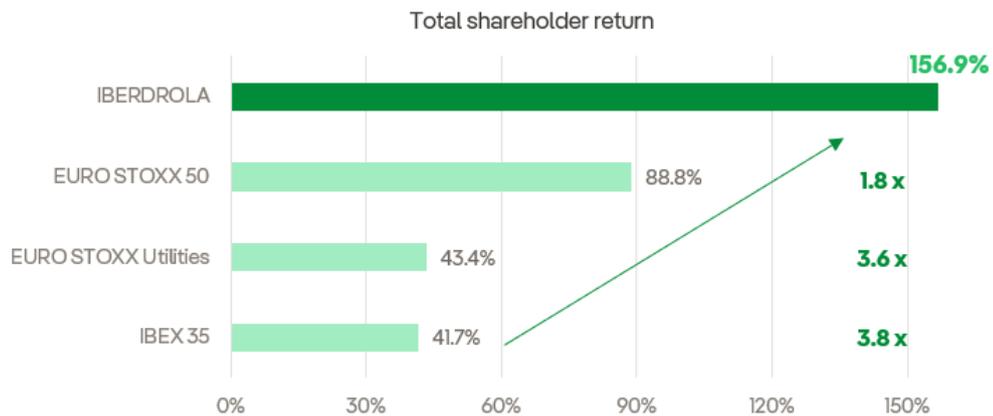
- Chairman and Vice-chairs of the Board: 6
 - Chairs of the committees: 6
 - Members of the Board and of the committees thereof: 4
-

Between 2008 and 2023 Iberdrola has significantly increased its international presence, operating in multiple markets to become a **global player in the energy sector that has tripled its revenues and doubled its workforce during this period.**

Based on the performance of the Company during the period from 2008 to 2023, as well as total shareholder return during the reference period (the details of which are presented below), the amounts of fixed remuneration of the directors in their capacity as such for financial year 2024 are being reviewed within the framework of the new Director Remuneration Policy to be submitted to the shareholders at Iberdrola's next General Shareholders' Meeting.



At the same time, the capitalisation has gone from €51,900 million in 2007 to €75,400 million in 2023, which represents an increase of 1.5x.



A.1.4. Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors

The Executive Chairman and the Chief Executive Officer shall be entitled to receive fixed remuneration for the dedication and responsibility involved in the performance of their duties.

The Executive Chairman Mr José Ignacio Sánchez Galán and the Chief Executive Officer Mr Armando Martínez Martínez are the two directors who receive fixed remuneration for senior management functions.

- 2024 amount

The Board of Directors, upon a proposal of the Remuneration Committee, approved maintaining unchanged the fixed remuneration of the Executive Chairman and of the Chief Executive Officer for 2024, in the following amounts:

Executive Chairman €2,250 thousand and Chief Executive Officer €1,000 thousand.



- Trends

It should be noted that the fixed remuneration of the **Executive Chairman has remained unchanged since 2008**.

Meanwhile, between 2008 and 2023, Iberdrola has significantly increased its international presence, operating in multiple markets to become a global player in the energy sector that has tripled its revenues and doubled its workforce during this period.



The fixed remuneration of the **Chief Executive Officer has remained unchanged since his appointment** on 25 October 2022. The aforementioned remuneration began to apply as from said date.

A.1.5. Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director

The Company pays the premiums under insurance policies that it has taken with certain insurance companies for the coverage of the death or disability of directors caused by accidents, and the Company itself assumes coverage of benefits for the death or disability of directors due to natural causes.

Other remuneration in kind includes the subsidised electricity rate, health insurance and accident insurance. The estimated cost of all remuneration in kind will be similar to the cost reflected in Section **B.14** of this Report.



A.1.6. Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Indicate the range, in monetary terms, of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

The only directors that receive variable remuneration are the Executive Chairman and the Chief Executive Officer.

Short-term variable remuneration (annual bonus)	
Purpose	Short-term variable remuneration is intended to incentivise the achievement of the group's annual objectives and those specific to the position, aligning dedication and efforts with the business strategy.
2024 metrics	<p>Each metric has a related achievement scale where a minimum threshold and an upper limit are set. If the minimum performance level is not reached, no annual variable remuneration will accrue. For each of the metrics, any intermediate results will be calculated by linear interpolation.</p> <p>Short-term variable remuneration is subject to the achievement of clear objectives that are disclosed <i>ex post</i> due to the strategic sensitivity of the targets set.</p> <p>Executive chairman</p> <p>Economic/financial objectives - specific weight of 700 out of 1,000:</p> <ul style="list-style-type: none"> - Growth in net profit (weight of 300 out of 1,000). - Increase shareholder remuneration in line with growth in net profit (weight of 200 out of 1,000). - Financial soundness: FFO/Net Debt (weight of 200 out of 1,000). <p>Sustainable development goals - Non-financial - specific weight of 300 out of 1,000:</p> <ul style="list-style-type: none"> - Diversity and inclusion (weight of 75 out of 1,000).



	<ul style="list-style-type: none"> - Presence on international indices (weight of 150 out of 1,000). - Cybersecurity (weight of 75 out of 1,000). <p>Chief Executive Officer</p> <p>Economic/financial objectives - specific weight of 600 out of 1,000:</p> <ul style="list-style-type: none"> - Growth in net profit (weight of 400 out of 1,000). - Financial soundness: FFO/Adjusted Net Debt (weight of 200 out of 1,000). <p>Growth objective - specific weight of 300 out of 1,000:</p> <ul style="list-style-type: none"> - Profitable growth of projects (weight of 150 out of 1,000). - Liberalised and regulation (weight of 150 out of 1,000). <p>Sustainable development goals – Non-financial - specific weight of 100 out of 1,000:</p> <ul style="list-style-type: none"> - Diversity and inclusion (weight of 50 out of 1,000). - Safety, health and well-being (weight of 50 out of 1,000). <p>These objectives for both the Executive Chairman and the Chief Executive Officer were approved by the Board of Directors, upon a proposal of the Remuneration Committee, at its meeting on 20 February 2024.</p>
2024 maximum amount	<p>Executive Chairman</p> <p>For 2024, the Board of Directors has resolved to maintain the same level as in 2023. The maximum limit of annual variable remuneration is 144% of the annual fixed remuneration and will be reached in the event of 100% compliance with the pre-established objectives, which is lower than the maximum limit established in the current Policy, which is 200% of the Executive Chairman's fixed remuneration for that financial year.</p> <p>Chief Executive Officer</p> <p>For 2024, the Board of Directors has resolved to maintain the same level as in 2023. The maximum limit of annual variable remuneration is 150% of the annual fixed remuneration and will be reached in the event of 100% compliance with the pre-established objectives, which is lower than the maximum limit established in the current Policy, which is 200% of the Chief Executive Officer's fixed remuneration for that financial year.</p>
Operation	<p>The Remuneration Committee evaluates the performance of the Executive Chairman and the Chief Executive Officer, for which purposes it may rely on the advice of an independent expert, and submits a reasoned proposal to the Board of Directors for approval thereof.</p> <p>The annual variable remuneration is paid entirely in cash once the annual financial statements have been prepared by the Board of Directors and subsequently audited. The Board of Directors shall also consider the overall economic/financial and operational performance of the Company in evaluating performance.</p>



Malus and clawback clauses	Possible cancellation of pending payments and reimbursement of the amounts delivered (“malus” and “clawback” clauses).
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Long-term variable remuneration (strategic bonus)

Purpose	Finally, multi-annual variable remuneration encourages commitment to the Iberdrola Group’s business enterprise over the long term , linking a portion of remuneration to the creation of value for the shareholders as well as to the sustainable achievement of the strategic objectives of the Company and the maximisation of its social dividend and shareholder return. Multi-annual variable remuneration is linked to the Company’s performance and long-term interests and is implemented through share delivery plans linked to the achievement of long-term objectives, which are approved <i>ex ante</i> by the shareholders at a General Shareholders’ Meeting. These long-term plans typically have a duration of six years (three for performance evaluation and three for settlement).
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Current plans: 2020-2022 Strategic Bonus (in settlement period)

	<p>During financial year 2024, and upon a report from the Remuneration Committee, there will be a second delivery of shares corresponding to the payment of the 2020-2022 Strategic Bonus approved at the General Shareholders’ Meeting held on 2 April 2022 on the terms described in Section B.7 of this Report.</p> <p>The Remuneration Committee has confirmed the validity of the grounds for settlement of the second instalment.</p>
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Current plans: 2023-2025 Strategic Bonus (in evaluation period)

	<p>At the General Shareholders’ Meeting held on 28 April 2023, shareholders approved the 2023-2025 Strategic Bonus as a long-term incentive linked to the Company’s performance in relation to certain parameters, any payment of which will occur during 2026-2028. The 2023-2025 Strategic Bonus was approved at the General Shareholders’ Meeting by 92%.</p> <p>Management personnel and other Iberdrola professionals who are deemed to make a decisive contribution to the creation of sustainable value due to their position or responsibility within the Company may participate as beneficiaries in the 2023-2025 Strategic Bonus.</p> <p>Like the preceding 2020-2022 Strategic Bonus, the number of beneficiaries of the 2023-2025 Strategic Bonus will not exceed a maximum of 300 people.</p> <p>The maximum number of shares to be delivered to all the beneficiaries of the 2023-2025 Strategic Bonus shall be equal to the 14,000,000 shares established in the 2020-2022 Strategic Bonus, equal to 0.22% of the share capital, of which approximately 2,500,000 shares, equivalent</p>
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	<p>to 0.04% of the share capital, will correspond to the Executive Chairman and the Chief Executive Officer.</p> <p>These bonuses are not implemented by means of capital increases or similar instruments.</p>								
<p>Metrics</p>	<p>The Company's performance as at 31 December 2025 will be evaluated based on the following financial, business and sustainable development parameters, which project an ambitious and challenging scenario for a company that is not satisfied with simply continuing its profitable growth, being financially sound and being committed to the Sustainable Development Goals, but rather seeks to continue strengthening its global industry leadership in the energy transition and decarbonisation. The metrics established for the 2023-2025 Strategic Bonus were aligned with the strategy announced by Iberdrola at its Capital Markets & ESG Day in November 2022, which was positively received by the market.</p> <ol style="list-style-type: none"> 1. Exceed the current Outlook. A target of consolidated net profit of €5,400 million is established for the Iberdrola Group in 2025, representing an increase of approximately 25% over the Iberdrola Group's record consolidated net profit achieved in 2022. This parameter will be deemed not to have been met if the consolidated net profit for financial year 2025 does not reach the previous record of €5,000 million, despite the difficult macroeconomic context and geopolitical instability. The specific weight in the overall performance evaluation in the 2023-2025 period will be 30% for the Iberdrola Group's consolidated net profit parameter. <table border="1" data-bbox="555 1285 1390 1417"> <thead> <tr> <th>Weight</th> <th>Metric</th> <th>Minimum 0%</th> <th>Maximum 100%</th> </tr> </thead> <tbody> <tr> <td>30%</td> <td>Consolidated net profit at year-end 2025</td> <td>€5,000 M</td> <td>€5,400 M</td> </tr> </tbody> </table> <ol style="list-style-type: none"> 2. Increase total shareholder return of the Company during the 2023-2025 period compared to total shareholder return for the Euro STOXX Utilities Index. The objective is to once again outperform the Euro STOXX Utilities Index by at least 5 percentage points over the 2023-2025 period, an ambitious target considering the geographic diversification of the businesses of the Iberdrola Group's companies. As not all participants in this Index are exposed to the same volatility in share prices, given the limited exposure of companies like Iberdrola to different economic regions, the Remuneration Committee has deemed it necessary to take this volatility into account when defining this metric. It shall be deemed that this parameter is not met if the Company's total shareholder return is at least 5 percentage points less than the return for the Euro STOXX Utilities Index. The specific weight in the overall performance evaluation in the 2023-2025 period will be 20% for the Company's total shareholder return parameter. 	Weight	Metric	Minimum 0%	Maximum 100%	30%	Consolidated net profit at year-end 2025	€5,000 M	€5,400 M
Weight	Metric	Minimum 0%	Maximum 100%						
30%	Consolidated net profit at year-end 2025	€5,000 M	€5,400 M						



Weight	Metric	Minimum 0%	Maximum 100%
20%	Total Shareholder Return (TSR) compared to the Euro STOXX Utilities index	Contents - 5 pp	Contents ≥ 5 pp

3. Parameters relating to financial targets:

- a. **Maintain financial strength** as measured by the Company’s long-term credit rating. The objective is to maintain the following long-term credit ratings for the Company by the end of financial year 2025 according to at least two of the three rating agencies: BBB+ according to Standard & Poor’s, Baa1 according to Moody’s and BBB+ according to Fitch Ratings. This parameter shall be deemed to have not been met if the Company’s long-term credit rating according to at least two of the three rating agencies is below BBB+ according to Standard & Poor’s, Baa1 according to Moody’s or BBB+ according to Fitch Ratings.
- b. **Increase ESG financing**, understood as all financial instruments (loans, credit facilities, bonds, notes, etc.) issued in accordance with the green financing frameworks of the Company or its subsidiaries or linked to sustainability goals. The target is established for new ESG financing issued by the Iberdrola Group between 2023 and 2025 to represent at least 80% of the total new financing issued by the Iberdrola Group during this period. This parameter will be deemed not to have been met if the new ESG financing issued by the Iberdrola Group between 2023 and 2025 represents less than 80% of the total new financing issued by the Iberdrola Group during this period.

The specific weight in the overall performance assessment is 20% for parameters related to financial targets. The first indicator (maintaining financial strength) will be weighted 15 percentage points, while the second indicator (ESG financing) will be weighted 5 percentage points.

Weight	Metric	Minimum 0%	Maximum 100%
15%	Maintain the Company’s financial strength as measured by the long-term credit ratings at year-end 2025	Two agencies < BBB+ or Baa1	Two agencies BBB+ or Baa1
5%	ESG financing measured as the percentage that new ESG financing issued between 2023 and 2025 represents of all new financing issued during this period	< 80%	≥ 80%

4. Parameters relating to the **Sustainable Development Goals** (“SDGs”):

- a. **Reduction in intensity of CO2 emissions** specific to the Iberdrola Group, as a benchmark linked to SDGs 7 (Affordable and Clean Energy) and 13 (Climate Action). This parameter will be deemed to have been met if, considering a normal rainfall period, a level



	<p>of 70 grCO₂/kWh or less is achieved in the intensity of own CO₂ emissions in 2025. This goal represents a demanding 27% reduction compared to the Iberdrola Group's 2021 specific CO₂ emissions intensity and an even greater reduction compared to the 200 grCO₂/kWh of the average 2021 specific CO₂ emissions intensity of all the electricity companies on the Euro STOXX Utilities Index. This parameter will be deemed not to have been met if the specific CO₂ emissions intensity in 2025 exceeds 88 grCO₂/kWh.</p> <p>b. Increase the number of suppliers subject to sustainable development policies and standards, such as having: (i) a human rights strategy; (ii) a supplier code of conduct; (iii) health and safety standards (SDG 3); and (iv) a global environmental sustainability strategy, including strategies on water (SDG 6), energy (SDG 7) and biodiversity (SDGs 14 and 15). The goal is to ensure that by 2025, at least 85% of the Iberdrola Group's main suppliers (those billing the Iberdrola Group more than one million euros) are subject to these policies, which represents an increase of 6.25% compared to year-end 2022. This parameter will be deemed not to have been met at year-end 2025 if the percentage is less than 80% (corresponding to the percentage of sustainable main suppliers of the Iberdrola Group at year-end 2022).</p> <p>c. Increase the number of women in senior positions of the Iberdrola Group, corresponding to management positions in accordance with SDGs 5 (Gender Equality) and 10 (Reducing Inequalities). The target is established for at least 30% of the Iberdrola Group's senior positions to be held by women by 2025, which represents an increase of 15.38% over year-end 2022. This parameter will be deemed not to have been met at year-end 2025 if the percentage is less than 26% (corresponding to the percentage of women in senior positions of the Iberdrola Group at year-end 2022).</p> <p>The specifics 30% for parameters related to the SDGs. Each of the three indicators will contribute 10 percentage points.</p> <table border="1" data-bbox="501 1467 1402 1832"> <thead> <tr> <th>Weight</th> <th>Metric</th> <th>Minimum 0%</th> <th>Maximum 100%</th> </tr> </thead> <tbody> <tr> <td>10%</td> <td>Specific CO₂ emissions intensity by year-end 2025</td> <td>> 88 gr CO₂ kWh</td> <td>≤ 70 gr CO₂ kWh</td> </tr> <tr> <td>10%</td> <td>Number of suppliers subject to sustainable development policies and standards by year-end 2025</td> <td>< 80%</td> <td>≥ 85%</td> </tr> <tr> <td>10%</td> <td>Percentage of women in senior positions by year-end 2025</td> <td>< 26%</td> <td>≥ 30%</td> </tr> </tbody> </table>	Weight	Metric	Minimum 0%	Maximum 100%	10%	Specific CO ₂ emissions intensity by year-end 2025	> 88 gr CO ₂ kWh	≤ 70 gr CO ₂ kWh	10%	Number of suppliers subject to sustainable development policies and standards by year-end 2025	< 80%	≥ 85%	10%	Percentage of women in senior positions by year-end 2025	< 26%	≥ 30%
Weight	Metric	Minimum 0%	Maximum 100%														
10%	Specific CO ₂ emissions intensity by year-end 2025	> 88 gr CO ₂ kWh	≤ 70 gr CO ₂ kWh														
10%	Number of suppliers subject to sustainable development policies and standards by year-end 2025	< 80%	≥ 85%														
10%	Percentage of women in senior positions by year-end 2025	< 26%	≥ 30%														
Maximum amount	Maximum number of shares to be delivered for the entire 2023-2025 Strategic Bonus:																



	<p>Executive Chairman</p> <p>Up to a maximum of 1,900,000 shares.</p> <p>Chief Executive Officer</p> <p>Up to a maximum of 500,000 shares.</p> <p>These shares will be delivered through shares purchased in the market, and not through the issue of new shares.</p>
Operation	<p>Duration: six years, with an evaluation period from 2023 to 2025 and a settlement period from 2026 to 2028, in equal parts each year.</p> <p>The Board of Directors, upon a proposal of the Remuneration Committee, which may be assisted by an independent expert, must evaluate the Company's performance regarding the goals described above and determine the level of achievement thereof.</p> <p>For each share delivery during 2027 and 2028, the Remuneration Committee will confirm the continued validity of the grounds on which the shares were delivered.</p>
Malus and clawback clauses	<p>Possible cancellation of pending payments and reimbursement of the shares delivered ("malus" clause and "clawback" clauses).</p>

A.1.7. Long-term savings schemes for officers (whether or not they are directors)

The members of the **management team are insured under a long-term savings scheme**, implemented through an insurance policy that provides coverage for the supplementary social security contributions regime established to enhance the regime that would apply to them pursuant to applicable law and the Collective Bargaining Agreement.

This is a defined contribution plan applicable for retirement, death and disability for any reason, meaning that the management team will have the financial rights acquired at the normal retirement age, and the grounds for any early termination of the contractual relationship will determine the rights thereof. The policy expressly acknowledges that in the event of cessation of office or resignation or improper payment, the Policyholder undertakes to pay the amount that has been surrendered under the policy in relation to the retirement contingency.

The Chief Executive Officer Mr Armando Martínez Martínez is insured under the group life insurance policy described above, with an undertaking assumed when he was a member of senior management, and which has not been changed as a result of his appointment as Chief Executive Officer. Details of the amount accrued in financial year 2023 by the Chief Executive Officer in respect of long-term savings schemes, from the commitment acquired when he was a member of senior management, are set out in Section **C.1.a)** of this Report.

The Company has no commitment to any long-term defined-contribution, defined-benefit retirement or savings system for the group of directors.



The Executive Chairman Mr José Ignacio Sánchez Galán is not a participant in any long-term savings schemes (pensions).

A.1.8. Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, on the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration

No non-executive director shall receive any compensation for termination or early cessation of office or due to termination of the contractual relationship. However, non-executive directors, with the exception of proprietary directors, must abide by the commitment not to compete, which consists of the following:

Commitment to not compete:

A director who ends the term of office to which the director was appointed or who, for any other reason, ceases to act as such, may not be a director or officer of, or provide services to, any entity whose object is similar, in whole or in part, to that of the Company or which is a competitor of the Company, for a term of two years. The Board of Directors may, if it deems it appropriate, relieve the outgoing director from this obligation or shorten the period thereof.

In the case of cessation of office prior to the end of the period for which they were appointed, non-executive directors who are not proprietary directors shall have the right to receive compensation for the two-year commitment not to compete unless their cessation is due to a breach of the duties of director attributable thereto or to the provisions of the succession plan included in the General Corporate Governance Policy, or to the sole decision thereof.

Cessation of office shall not be considered to be due exclusively to the decision of the director if resignation occurs on occasion of the acceptance of a public office that is incompatible with the holding of the position of director. The compensation for the commitment not to compete, if applicable, shall be equal to 90% of the fixed amount that the director would have received for the remainder of the director's term (assuming that the annual fixed amount that the director receives at the time of cessation of office is maintained), with a maximum equal to two times 90% of such annual fixed amount.

During the period under review, no non-compete payments were made to directors in their capacity as such.

A.1.9. Contract terms and conditions

The basic terms and conditions of the contracts of the officers (whether or not they are directors) are as follows:



Basic terms of the contracts	
Duration	The contracts of the Company's officers (whether or not they are directors) are of indefinite duration.
Applicable legal provisions	<p>The contracts with the officers of the Company are governed by the legal provisions applicable to senior officer special employment relationship agreements or by such special terms and conditions of the common employment system (<i>regimen laboral comun</i>) as are determined by the Company or as legally apply from time to time.</p> <p>The regulations applicable to the contracts of the Executive Chairman and Chief Executive Officer are those provided for by the legal system in each case, based on commercial law.</p>
Compliance with the Governance and Sustainability System	All of the officers of the Company (whether or not they are directors) have the duty to strictly observe the rules and provisions contained in the Company's Governance and Sustainability System to the extent applicable thereto.
Non-compete clause	<p>The contracts with the officers in all cases establish a duty not to compete with respect to companies and activities that are similar in nature to those of the Company and of the other companies of the Group, during the term of their relationship with the Company and for a period of not less than one year following termination thereof, and also provide for payment, for each year of duration of such agreement not to compete, of an amount equal to 50% of the fixed remuneration received during the last full financial year.</p> <p>The contractual relationship with the Executive Chairman establishes a duty not to compete with respect to companies and activities that are similar in nature to those of the Company during the term of his relationship with the Company and for a period of three years (it was two years) after the termination of the contract. In compensation for this commitment, he is entitled to a severance payment equal to two times annual remuneration, as indicated in Section B.II.</p> <p>In the case of the Chief Executive Officer, during the term of the contract and for one year after the termination thereof. In compensation for this post-contractual commitment not to compete, he is entitled to compensation equal to one times his annual fixed remuneration, which is in any case included in the severance payment for termination of contract, if one exists.</p>
Confidentiality and return of documents	A rigorous duty of confidentiality is established, which must be assumed by the professional and complied with both during the term of the contract and once the relationship has terminated, with the Company reserving the right to bring such legal actions as may be appropriate to defend its interests. In addition, the professional must return to the Company any documents and items relating to the professional's activity that are in the possession thereof upon termination of the



	relationship with the Company, in accordance with such terms and conditions as are set forth by the Company.
Indemnification	<p>The contracts of the officers contemplate financial compensation in the event of termination of the contractual relationship with the Company, provided that such termination does not occur exclusively due to the professional's decision to withdraw or as a result of a breach of the duties thereof. The amount of the severance payment is established in accordance with length of service and the reasons for the professional's withdrawal from office, up to a maximum of five times annual salary. A limit of two times annual salary started to apply to new contracts with officers signed as from 2011.</p> <p>When the current Executive Chairman joined the Company in 2001, the Company included clauses in the contracts with its key officers providing for severance pay of up to five times annual salary in order to achieve an effective and sufficient level of loyalty. Although the treatment in effect for such officers was applied to him at that time, he would currently be entitled to two times annual remuneration as severance pay (it was three times the prior year) for instances in which a severance payment was required for termination of contract, as indicated in Section B.II.</p> <p>The Chief Executive Officer is entitled to receive severance pay equivalent to two times annual remuneration in the event of termination of his relationship with the Company, provided that said termination is not due to a breach attributable to the beneficiary or solely due to a voluntary decision thereof. This severance payment for termination of contract includes compensation for the commitment not to compete.</p> <p>From 2001 to 31 December 2023, the number of officers with a compensation limit of more than two annuities has been reduced by approximately 90 %.</p>
Application of "malus" and "clawback" clauses	Provided for in contracts with officers of the Company (whether or not they are directors), for both short-term variable remuneration and long-term variable remuneration.

A.1.10. The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position

There is no supplementary remuneration.

A.1.11. Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration

The Director Remuneration Policy does not contemplate the granting of advances, loans or guarantees by the Company.



A.1.12. The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

The Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 18 June 2021 provides that officers of the Group (whether or not they are directors) who hold the position of director at companies that are not wholly owned either directly or indirectly by Iberdrola may receive remuneration corresponding to the position from said companies in accordance with their corporate governance rules on the same terms as the other external directors. Along these lines, it is estimated that during 2024 the Executive Chairman of Iberdrola will receive an amount equivalent to the amount set forth in Section C.1.b) of this Report for his positions as chairman of the boards of directors of Neoenergia, S.A. and AVANGRID, Inc.

Both companies of the Iberdrola Group commission an independent external adviser to conduct a comparative analysis of the total remuneration of the directors, with a comparison group that includes a group of comparable companies in terms of size, ensuring alignment with the market.

A.2. Explain any significant change in the remuneration policy applicable in the current year resulting from:

A.2.a) A new policy or an amendment to a policy already approved by the General Meeting.

A.2.b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.

A.2.c) Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

The Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 18 June 2021 has been in force since the financial year of its approval and during financial years 2022, 2023 and 2024.

The text thereof complies with the amendments made by Section 529 *novodecies* of the Spanish Companies Act (*Ley de Sociedades de Capital*), which came into force after the approval of this Policy by the shareholders at the General Shareholders' Meeting.

Pursuant to Section 529 *novodecies* of the Companies Act, proposals for new director remuneration policies must be submitted to the General Shareholders' Meeting prior to the end of the last financial year of application of the previous policy.

Taking the foregoing into account, a **new Director Remuneration Policy** will be submitted for approval at the General Shareholders' Meeting to be held in 2024, effective as from the time of its approval and for the next three financial years, i.e. 2025, 2026 and 2027.



The Board of Directors, continuing with Iberdrola's devotion to leadership in the energy sector, will take into consideration the information received as a result of the ongoing **two-way dialogue** between the Company represented by the heads of Investor Relations, ESG and the Office of the General Secretary and Secretary of the Board, and in some cases, with the participation of a member of the Board of Directors, and its shareholders (retail and institutional) and proxy advisors. The Board of Directors also takes into consideration both the best practices identified at other listed companies and regarding the directors and the officers (whether or not they are directors), the general remuneration schemes of the professionals of the Iberdrola group.

A.3. Direct link to the document containing the company's current remuneration policy, which must be available on the company's website

The Policy is available at the following link, in compliance with the **accessibility policy**:

<https://www.iberdrola.com/corporate-governance/governance-sustainability-system/corporate-governance-policies/director-remuneration-policy>

A.4. Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative basis.

The consultative vote on the Annual Director Remuneration Report for financial year 2022 yielded approximately **88% votes in favour at the 2023 General Shareholders' Meeting**, which represents an increase of approximately 13 percentage points compared to the previous year.

The Remuneration Committee has devoted special attention to the continuous improvement of the Annual Director Remuneration Report, developing a specific action plan that includes the following measures:

- Analysis of the main concerns of institutional investors through continuous two-way contact.
- Analysis of the main reasons for negative shareholder voting.
- Analysis of the main concerns of the proxy advisors.
- Analysis of the voting policies of the main institutional investors.
- Analysis of remuneration best practices observed at comparable companies and global companies.
- Design of an action plan with specific activities, commitments and future requirements in terms of disclosure of information.
- Implementation of improvements in the disclosure of information in the Annual Director Remuneration Report for financial year 2023.



B. Summary of the application of the directors and officers remuneration policy in 2023



B. Summary of the application of the directors and officers remuneration policy in 2023

The Director Remuneration Policy applied in financial year 2023 was the Policy approved by the shareholders at the General Shareholders' Meeting held on 18 June 2021, the application of which covers the financial year of its approval and financial years 2022, 2023 and 2024.

B.1.1. Process followed to implement the remuneration policy and determine individual remuneration and the role played by the Remuneration Committee, the Board of Directors and any activities of external advisors

Within the overall limit established by the By-Laws and pursuant to the provisions of law and the Director Remuneration Policy, the Board of Directors, upon a proposal of the Remuneration Committee, sets the remuneration of directors, except the remuneration consisting of the delivery of shares of the Company or of options thereon or which is indexed to the price of Iberdrola's shares, which must be approved by the shareholders acting at a General Shareholders' Meeting.

At 31 December 2023 and as of the date of preparation of this Report, Iberdrola's Remuneration Committee is made up of three members, 67% of whom are independent directors (two members) and 33% of whom are other external directors (one member).

- Mr Juan Manuel González Serna (chair, independent).
- Mr Iñigo Víctor de Oriol Ibarra (member, other external).
- Mr Manuel Moreu Munaiz (member, independent).
- Mr Iñigo Sagardoy de Simón (secretary, non-member).

The biography, profile and expertise of the members of the Remuneration Committee is available through the following link:

<https://www.iberdrola.com/corporate-governance/board-directors/remuneration-committee>

These are profiles with significant experience in the energy and industrial engineering sectors, as well as in other sectors, with expertise in remuneration systems, human capital and talent, among other areas.

The Remuneration Committee met 10 times during 2023, with the attendance of all its members, and it devoted special attention to the priorities set out in the Activities Report of the Board of Directors and of the Committees thereof, specifically:

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- **Determination of short-term variable remuneration targets** (annual bonus).
 - **Determination of the percentage of compliance** with the targets to which the 2020-2022 Strategic Bonus is linked and payment of the first tranche.
 - **Definition of the Strategic Bonus for the 2023-2025 period** and acknowledgement of designation of new beneficiaries.
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- Review of best practices on the remuneration of directors taking into account the main recommendations of institutional investors as well as best practices identified at comparable companies. Specifically, in the area of remuneration reporting and information in the annual director remuneration reports.
 - Continuous improvement of the Annual Director Remuneration Report.
 - Analysis of the feedback received from retail and institutional shareholders and proxy advisors during the year with a view to developing and presenting a new policy at the General Shareholders' Meeting in 2024.
 - Review of trends in remuneration parameters used at comparable companies and global companies, such as the inclusion of indicators aligned with the objectives of the ESG strategy and review of their alignment with Iberdrola's strategic objectives.
 - Review of directors' fixed remuneration to determine its competitiveness vis-à-vis comparable companies.
 - Review of the general remuneration programmes for the workforce, assessing the suitability and results thereof.
 - Review of the results of the external competitive analyses presented by independent external advisors on remuneration in order to determine Iberdrola's remuneration practices.
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In compliance with the good practices and recommendations established in "Technical Guide 1/2019 on Nomination and Remuneration Committees", the Remuneration Committee has received support from independent external advisers. In this regard, in all of its decision-making processes, the Remuneration Committee has received information and advice from the internal services of the Company and from expert external consultants in this area, taking into consideration the most demanding remuneration recommendations and policies at the international level. In particular, the advice of PwC Asesores was relied upon to evaluate the performance of the Executive Chairman and the Chief Executive Officer during financial year 2023 and the parameters of the 2020-2022 Strategic Bonus.

Taking into account Iberdrola's commitment to understanding its shareholders (retail and institutional) and proxy advisors, the Remuneration Committee has continued to work on the action plan in the following areas:

- Analysis of the main concerns expressed by the main proxy advisors in connection with the Annual Director Remuneration Report and, if applicable, the Remuneration Policy of Iberdrola.
- Analysis of voting policies in remuneration matters among Iberdrola's main institutional investors.
- Analysis of remuneration and transparency practices (remuneration policies and reports) of comparable international and domestic companies to identify changing trends in these areas.

Furthermore, in February 2023, the Remuneration Committee received a comparative analysis of the total remuneration of the Executive Chairman and the Chief Executive Officer and best



practices from an independent external advisor (Ernst & Young Abogados, S.L.P) . It was considered appropriate to maintain the criteria for identifying the selection of a group of global companies similar in size to Iberdrola in terms of capitalisation, turnover, complexity (including risk management and internal control), sustainability ambitions, ownership structure and international presence. Therefore, the above analysis was carried out in accordance with the procedure described in Section **A.1.1** of this Report.

B.1.2. Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year

There were no deviations from the established procedure during financial year 2023.

B.1.3. Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.

No temporary exception was applied in financial year 2023.

B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued. Ensure that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.

As already explained in Section **A.1.2** of this Report, the Remuneration Policy fosters and encourages the attainment of the strategic goals of the Company through the inclusion of long-term incentives, strengthening continuity in the competitive development of the group, and generating a motivating effect that acts as a driving force to ensure the loyalty and retention of the best professionals, thus ensuring alignment of the interests of the directors and the stakeholders, including the shareholders.

The Director Remuneration Policy includes establishing adequate mechanisms so that the Company can obtain reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate (“malus” and “clawback” clauses).

The plans typically have a duration of six years, of which the initial three-year period is the period for evaluating the performance level compared to the parameters to which the plan is



linked, and the next three financial years are the settlement period. Therefore, the delivery of shares under the multi-annual variable remuneration system is deferred for three years.

2020-2022 Strategic Bonus (during settlement period)	6-year period					
	2020	2021	2022	2023	2024	2025
	Evaluation period			1/3	1/3	1/3
	Grant	Settlement period with “malus” and “clawback” clauses				

2023-2025 Strategic Bonus (during evaluation period)	6-year period						
		2023	2024	2025	2026	2027	2028
		Evaluation period			1/3	1/3	1/3
	Grant	Settlement period with “malus” and “clawback” clauses					

In this connection, for each delivery of Iberdrola shares there will be an evaluation of whether to confirm or cancel, totally or partially, the payment corresponding to each financial year, and, if applicable, to claim the total or partial reimbursement of the Iberdrola shares already delivered (or the amount thereof in cash) in the event of a material restatement of the financial statements on which Iberdrola’s Board of Directors based the evaluation of the performance level, provided that said restatement is confirmed by the external auditors and is not due to a change in accounting rules, and further provided that the foregoing reformulation results in the delivery of a number of Iberdrola shares lower than the one originally provided or the delivery of no shares at all.

As regards the balance between fixed and variable components of remuneration, see the explanation of the remuneration mix in Section A.1.2 of this Report.

B.3. Explain how the remuneration accrued and consolidated over the financial the year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company’s long-term and sustainable performance.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration, including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.



The remuneration accrued in financial year 2023 fully conforms to the current Director Remuneration Policy. In this regard:

-
- The overall limit established in Article 48.1 of the By-Laws is not exceeded, pursuant to which the amount that the Company annually allocates as director remuneration is limited to a maximum amount equal to 2% of the profits obtained by the consolidated group during the financial year, once the legal and other mandatory reserves have been covered and if there has been an issuance to the shareholders of a dividend of at least 4% of the share capital.
 - It has been set and approved by the competent bodies in compliance with the established procedure; in this regard, the Remuneration Committee, pursuant to the provisions of Article 3 of the Regulations thereof, proposes to the Board of Directors the remuneration policies applicable to the directors and to the members of senior management and regularly revises them, proposing, if applicable, the amendment and update thereof to the Board of Directors. The Remuneration Committee submits the proposed Director Remuneration Policy to the Board of Directors for approval and subsequent submission to the shareholders at the General Shareholders' Meeting, issuing the corresponding specific explanatory report required by Section 529 novodecies of the Companies Act.
 - It abides by the principles and structure of remuneration provided for in the Director Remuneration Policy, which have been described in Sections A.1.1 and A.1.2 of this report.
 - The annual fixed remuneration to be paid to the directors does not exceed the limits established in said Policy.

The remuneration packages of the Executive Chairman and of the Chief Executive Officer have the following characteristics, which ensures their consistency with the long-term strategy, interests and sustainability of the Company:

- Total remuneration, as described in Section A.1.2 of this Report, is mainly composed of the following elements:
 - Fixed remuneration.
 - Short-term variable remuneration (annual bonus).
 - Long-term variable remuneration (strategic bonus).
- The short-term variable remuneration (annual bonus) of the Executive Chairman and of the Chief Executive Officer is linked to the group's annual objectives and those specific to the position, aligning dedication and efforts with the business strategy.

In the case of the Executive Chairman, his objectives for 2023 include three (3) economic/financial metrics with a weight of 50% and three (3) metrics relating to sustainable development, with a weight of 50%. In the case of the Chief Executive Officer, his objectives for 2023 include two (2) economic/financial metrics with a weight of 60%, two (2) growth metrics with a weight of 30%, and one (1) metric relating to sustainable development, with a weight of 10%. These metrics are pre-determined, quantifiable and auditable and they are linked to Iberdrola's Outlook as updated on Capital Markets & ESG



Day. A description of the metrics to which variable remuneration is linked can be found in Section B.7 of this Report.

- The long-term variable remuneration (strategic bonus) of the Executive Chairman and of the Chief Executive Officer encourages commitment to the Iberdrola Group’s business enterprise over the long term, linking a portion of their remuneration to the creation of value for the shareholders as well as to the sustainable achievement of the strategic objectives of the Company and the maximisation of its social dividend and shareholder return.

Specifically, the parameters to which the multi-annual variable remuneration is linked include economic variables (with a weight of 50%), financial variables (with a weight of 20%) and others related to sustainable development (with a weight of 30%) as described in Section B.7 of this Report.

- The shares delivered to the Executive Chairman and to the Chief Executive Officer are subject to a 3-year settlement period.
- The Executive Chairman and the Chief Executive Officer have a variable remuneration system that includes a minimum threshold below which no incentive is paid. The percentage of short- and long-term variable remuneration may be significant if the objectives are achieved at their maximum level.
- Sustainability is a basic pillar of the Company’s strategy, which includes sustainability criteria in its variable remuneration plans (both short- and long -term).

Over the last ten years (2013 to 2023), Iberdrola’s strategy, which aims to deliver long-term results to all stakeholders, including the shareholders, has created value in the amount of €74,430 million.

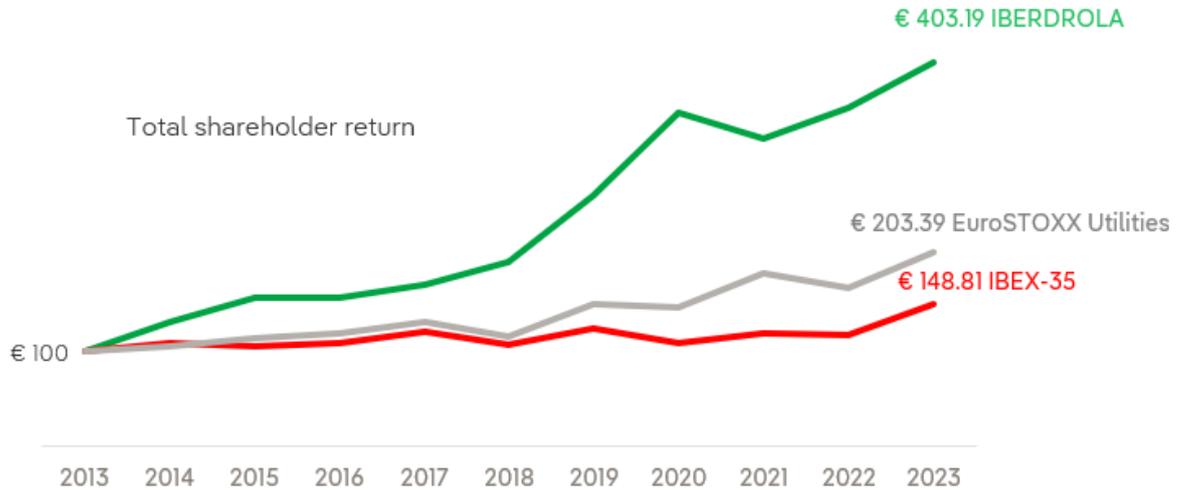


- Iberdrola’s capitalisation has increased from €25,753 million at year-end 2012 to €75,400 million at year-end 2023, which represents a €49,647 million increase in the absolute value of the capitalisation.
- total dividends (including payment in kind) received by shareholders during the period amounted to €24,783 million:

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total dividends received by the shareholders (€ millions)	1,922	1,716	1,732	1,966	1,996	2,077	2,247	2,517	2,664	2,825	3,121



Over the last ten years (2013 to 2023), Iberdrola's total shareholder return has significantly outperformed the total return of the Spanish market index (Ibex 35) and the total return of the European sector index (EuroSTOXX Utilities).



Over the last ten years (2013 to 2023), the evolutions of Iberdrola's assets, net profits and total dividends received by the shareholders are aligned with the long-term, non-volatile (stable and sustainable) growth of the Company.





Over the last ten years (2013 to 2023), the evolution of the Executive Chairman’s total remuneration, under the “Pay for Performance” principle, reflects the achievement of the Company’s strategic objectives linked to variable remuneration, which have allowed for the creation of €74,430 million in value.



Insofar as fixed remuneration has remained unchanged since 2008, the evolution of total remuneration is determined by variable remuneration based on predetermined objectives that are closely aligned with the strategy communicated by Iberdrola and which aim to offer long-term results to all stakeholders, including shareholders.

B.4. Result of the consultative vote at the General Shareholders’ Meeting on the annual remuneration report for the previous year

Iberdrola’s Annual Director Remuneration Report for financial year 2022 was approved with approximately 88% votes in favour at the General Shareholders’ Meeting held in financial year 2023, which represents an increase of approximately 13 percentage points compared to the previous year. This level of support was obtained with a quorum of more than 72% at the General Shareholders’ Meeting, which was significant considering that Iberdrola is a full free float company. This high level of participation was motivated by, amongst other things, the “engagement dividend” that promotes active shareholder participation.

The results of the consultative vote of the shareholders on the Annual Director Remuneration Report for financial year 2022 were as follows:

	Number	% of total
Votes cast	4,639,250,945	100
	Number	% of total
Votes against	524,873,161	11.31
Votes in favour	4,065,905,989	87.64
Blank ballots	2,580,516	0.06
Abstentions	45,891,279	0.99



B.5. Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year

The remuneration of the directors in their capacity as such is determined in the Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 18 June 2021. It has remained unchanged since 2008. Directors in their capacity as such do not receive variable remuneration.

In accordance with the above and with the current composition of the Board of Directors and its Committees, in financial year 2023 the aggregate amount accrued by the directors in their capacity as such amounted to €7,206 thousand, which is within the limit of €9,000 thousand explained in Section **A.1.3** of this Report.

B.6. Explain how the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties were determined, and how they changed with respect to the previous year

Salaries accrued during 2023 by the Executive Chairman and the Chief Executive Officer are determined in accordance with the Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 18 June 2021.

The Remuneration Committee proposed to the Board of Directors that the fixed remuneration of the Executive Chairman for financial year 2023 be set at €2,250 thousand, which proposal was approved by the Board of Directors. **This amount does not represent an increase compared to the previous financial year. It should be noted that the fixed remuneration of the Executive Chairman has remained unchanged since 2008.**

In the case of the Chief Executive Officer, the Remuneration Committee proposed to the Board of Directors that his fixed remuneration of €1,000 thousand be maintained for financial year 2023. **This amount does not represent an increase compared to the previous financial year. In this regard, the fixed remuneration of the Chief Executive Officer has remained unchanged since his appointment on 25 October 2022.** The aforementioned remuneration began to apply as from said date.

B.7. Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year last ended

In particular:

a) Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of



conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

b) In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period

c) Each director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director)

d) Information is to be provided on any periods for accrual or deferment of payment applied and/or the periods for retention/unavailability of shares or other financial instruments, if any

Pursuant to the Remuneration Policy, the only directors who are entitled to variable remuneration are the Executive Chairman and the Chief Executive Officer. Said remuneration consists of an annual variable component that is received in cash and a long-term variable component that is received in shares of Iberdrola.

Determination of performance objectives for variable remuneration

The Remuneration Committee regularly evaluates the establishment of the objectives, criteria and metrics linked to variable remuneration to ensure that they are aligned with Iberdrola's long-term strategy and sustainability.

The Remuneration Committee also analyses the performance indicators considered by Iberdrola's shareholders and market practices at comparable companies to ensure alignment with market expectations.

With regard to economic and financial targets, the Remuneration Committee takes into account budgetary and financial planning, considering the economic and regulatory environment as well as expectations of investment opportunities.

Furthermore, the Remuneration Committee sets challenging non-financial targets to drive the long-term sustainable creation of value and continuity in leadership positions.

Short-term variable remuneration (annual bonus)

The annual variable remuneration incentivises and rewards performance in connection with a number of annual financial and non-financial objectives, which are consistent with the Company's strategy.

2023
metrics

Executive Chairman:

The parameters of the Executive Chairman were as follows:

Economic/financial objectives – specific weight of 500 out of 1,000

- **Net profit** (weight of 200 out of 1,000).



The Iberdrola group's net profit at December 2023 amounted to €4,803 million, 10.7% higher than in the same period of 2022. This result was achieved in an adverse global macroeconomic context of rising interest rates, high inflation and devaluation of the main currencies. The result includes provisions for exit plans in Spain of €90 million and an effect associated with the divestment of assets in Mexico of -€98 million.

EBITDA was €14,417 million, up 9%, with an exchange rate effect of -€135 million, yielding an underlying increase of 10%. This sharp rise is centred in Spain and the United Kingdom, with increases of 31% and 75% respectively, the latter increase being impacted by the recovery in 2023 of the strong energy cost overruns suffered in the regulated tariff in 2022. Increased installed renewable power capacity, higher emission-free production and higher electricity trading margins have led to significant increases in the main markets.

In view of the above, to the extent that the target result exceeds the budgeted result by more than 2%, the degree of achievement is assessed at 100%.

Points	Net profit	
200	0% > 2022 + x	100% Budget + 2 %
Result: €4,803 million Achievement level: 100%		

- **Increase shareholder remuneration** in line with growth in net profit (weight of 150 out of 1,000).

In 2023, the shareholder remuneration paid with a charge to financial year 2022 was €0.496 per share. This amount represents an 11.7% increase over the €0.444 per share paid in 2022 and is in line with the 11.7% improvement in net profit in 2022 compared to 2021. This fulfils one of the pillars of the shareholder remuneration strategy, which links the increase in shareholder remuneration to the increase in results. The amount of €0.496 paid in 2023 is also two years ahead of the minimum target of €0.50 shareholder remuneration set for 2025. Furthermore, the dividend paid in 2023 represents a shareholder return of 4.5%, which compares favourably with the 3.1% inflation rate in Spain in the same period. If we add to this 4.5% a share appreciation of 8.6% in financial year 2023, the total shareholder return for financial year 2023 is 13.1%.

Taking into account the foregoing, the achievement level is evaluated at 100%.

Points	Increase shareholder remuneration similar to growth in net profit	
150	0% No	100% Yes
Result: Yes Achievement level: 100%		

- **Financial soundness: FFO/Adjusted Net Debt** (weight of 150 out of 1,000).

In terms of financial strength, the year-end FFO/net debt ratio was 23.2%, 14.5% higher than the 2023 budget, and in any case above the target (2.5% above the budget).

The Group's financial management model, designed to preserve credit rating stability by keeping the Group's FFO/Net Debt ratio within the limits set by the rating agencies for the rating level of Iberdrola, has once again proven successful in 2023, a year with a challenging and volatile macroeconomic and geopolitical context. The Company achieved a ratio of 23.2% while complying with the



investment programme, at the same time as maintaining the dividend at the levels committed to the market and meeting the divestment target announced to the market ahead of schedule. Maintaining the credit rating also helps to minimise the volatility of Iberdrola’s financial expenses and earnings, which the market recognises with a higher total shareholder return and a premium in share price multiples.

As the ratio has been improved and the credit rating levels maintained, the achievement level is evaluated at 100%.

Points	Financial soundness: FFO/adjusted net debt	
150	0% Plan - 2.5%	100% Plan + 2.5%
Result: Plan + 14.5% Achievement level: 100%		

- **Sustainable development** goals (specific weight of 500 out of 1,000)
 - **Continuous increase in female presence in positions of responsibility** (weight of 125 out of 1,000).
 Female presence in positions of responsibility grew from 34% in 2022 to 34.4% in 2023, in addition to a notable percentage of women in senior management (50%) and an improvement in the percentage of women in important positions to 27.8%, as against 26.1% in the previous financial year. In view of the increase in positions of responsibility of 0.4 percentage points, the achievement level is evaluated at 100%.
 - **Presence on international indices** (weight of 250 out of 1,000).
 Iberdrola maintains its presence on the world’s leading sustainability indices (DJSI, FTSE4Good, 2023 World’s Most Ethical Companies). In addition, Iberdrola remains included on numerous sustainability indices: Global 100, ISS ESG (Prime), MSCI Global Sustainability Index (AAA), Bloomberg Gender Equality Index 2023, etc.
 In addition, in 2023 Iberdrola was recognised by Influence Map at the Dubai Climate Summit (COP28) as the company with the greatest leadership, and included for another year in the Supplier Engagement Leaderboard prepared by CDP.
 As it has maintained the same ratings as in previous financial years on more than 6 benchmark indices, the achievement level is evaluated at 100%.
 - **Cybersecurity** (weight of 125 out of 1,000).
 50% corresponds to the absence of a significant cybersecurity incident with a high reputational impact according to the System for Assessing the Severity of the Reputational Impact of a Crisis or with a Significant Impact on the Critical Systems of the Iberdrola Group, according to the criteria established in the Cybersecurity Risk Policy.
 The remaining 50% corresponds to the fulfilment of cybersecurity action plans, such as:
 - Securing the electric vehicle charging points network (Customer Business – Spain).
 - Safety monitoring of Termopernambuco (Customer Business – Brazil).



- Deployment of the Cybersecurity Operation Centre (SOC) and Cybersecurity Event Management System (SIEM) at ScottishPower Energy Networks (Networks Business – United Kingdom).
- Deployment of the Cybersecurity Operation Centre at AVANGRID Networks (Networks Business – United States of America).
- Implementation of 24/7 monitoring and response at ScottishPower Renewables (Renewables Business – United Kingdom).
- Implementation of a cyber-intrusion detection system for the Wikinger offshore wind farm (Germany) (Renewables Business – Offshore).

The expected achievement level of the cybersecurity plan for financial year 2023 is evaluated at 100%.

Points	Continuous increase of female presence in positions of responsibility	
125	0% No	100% Yes
Result: Yes Achievement level: 100%		
Points	Presence on international indices	
250	0% No	100% Yes
Result: Yes Achievement level: 100%		
Points	Cybersecurity	
125	0% 0	100% 100
Result: Plan 100% Achievement level: 100%		

Taking into account the foregoing, the total weighted achievement level is 100% for the parameters to which the Executive Chairman’s annual variable remuneration for 2023 is linked.

Chief Executive Officer

The parameters of the Chief Executive Officer were as follows:

- Economic/financial objectives – specific weight of 600 out of 1,000
 - **Net profit** (weight of 400 out of 1,000).

The Iberdrola group’s net profit at December 2023 amounted to €4,803 million, 10.7% higher than in the same period of 2022. This result was achieved in an adverse global macroeconomic context of rising interest rates, high inflation and devaluation of the main currencies. The result includes provisions for exit plans in Spain of €90 million and an effect associated with the divestment of assets in Mexico of -€98 million.

EBITDA was €14,417 million, up 9%, with an exchange rate effect of -€135 million, yielding an underlying increase of 10%. This sharp rise is centred in Spain and the United Kingdom, with increases of 31% and 75% respectively, the latter increase being impacted by the recovery in 2023 of the strong energy cost overruns suffered in the regulated tariff in 2022. Increased installed renewable power



capacity, higher emission-free production and higher electricity trading margins have led to significant increases in the main markets.

In view of the above, to the extent that the target result exceeds the budgeted result by more than 2%, the degree of achievement is assessed at 100%.

Points	Net profit	
400	0% > 2022 + x	100% Budget + 2 %
Result: €4,803 million Achievement level: 100%		

- **Financial soundness: FFO/Adjusted Net Debt** (weight of 200 out of 1,000).

In terms of financial strength, the year-end FFO/net debt ratio was 23.2%, 14.5% higher than the 2023 budget, and in any case above the target (2.5% above the budget).

The Group's financial management model, designed to preserve credit rating stability by keeping the Group's FFO/Net Debt ratio within the limits set by the rating agencies for the rating level of Iberdrola, has once again proven successful in 2023, a year with a challenging and volatile macroeconomic and geopolitical context. The Company achieved a ratio of 23.2% while complying with the investment programme, at the same time as maintaining the dividend at the levels committed to the market and meeting the divestment target announced to the market ahead of schedule. Maintaining the credit rating also helps to minimise the volatility of Iberdrola's financial expenses and earnings, which the market recognises with a higher total shareholder return and a premium in share price multiples.

As the ratio has been improved and the credit rating levels maintained, the achievement level is evaluated at 100%.

Points	Financial soundness: FFO/adjusted net debt	
200	0% Plan - 2.5%	100% Plan + 2.5%
Result: Plan + 14.5% Achievement level: 100%		

- Growth objective – specific weight of 300 out of 1,000:

- **Installed renewable capacity** (weight of 150 out of 1,000)

The result of installed renewable capacity at the end of 2023 amounted to 42.175 GW, an increase of 0.275 GW above the plan, and in any case above the established target of exceeding the plan by 0.2 GW. The achievement level is therefore evaluated at 100%.

Points	Installed renewable capacity	
150	0% Plan - 0.2 GW	100% Plan + 0.2 GW
Result: Plan + 0.275 GW Achievement level: 100%		



- **New networks assets** recognised as part of RAB (weight of 150 out of 1,000).
The result at year-end 2023 is €3,901 million, a 5.434% increase over the plan. Insofar as the target was 5% above the plan, the level of achievement is assessed at 100%.

Points	New networks assets recognised as part of RAB	
150	0% Plan - 5%	100% Plan + 5%
Result: Plan + 5.434% Achievement level: 100%		

- **Sustainable development goals** – specific weight of 100 out of 1,000:
 - **Occupational health and safety:** internal personnel incident rate (weight of 100 out of 1,000)

The indicator for the accident rate objective is the lost time accident (LTA) rate, which indicates the number of accidents with sick leave per 100 workers. The LTA result as of December 2023 was 0.212. In view of the above, insofar as the scale of achievement of the target was 100% of the average of the last five years minus 1% (0.218), the level of achievement is assessed at 97.56%.

Points	Occupational risk prevention: internal personnel incident rate (LTA)	
100	0% 0.222 (average of the last 5 years +1%)	100% 0.218 (average of the last 5 years -1%)
Result: 0.212 Achievement level: 97.56%		

Taking into account the foregoing, the total weighted achievement level is 99.756% for the parameters to which the Chief Executive Officer's annual variable remuneration for 2023 is linked.

Other officers

The metrics linked to annual variable remuneration of the officers follow the same pattern, rewarding performance in connection with a number of annual financial and non-financial objectives, which are consistent with the Company's strategy.

2023
amount

Executive Chairman		
% achievement	Maximum annual variable remuneration	2023 annual variable remuneration amount
100	€3,250,000	€3,250,000
Chief Executive Officer		
% achievement	Maximum annual variable remuneration	2023 annual variable remuneration amount
99.756	€1,500,000	€1,496,340

The Board of Directors, at its meeting on 20 February 2024, upon a proposal of the Remuneration Committee and with the advice of PwC Asesores, assessed the level of achievement of the 2023 metrics for both the Executive Chairman and the Chief Executive Officer, with no margin of discretion applied by the Board of Directors.



Long-term variable remuneration

Long-term incentive plans seek to incentivise the creation of long-term value, aligning the interests of the directors and shareholders through the granting of shares.

Current plans: **2020-2022 Strategic Bonus** (in settlement period)

Duration and metrics

The 2020-2022 Strategic Bonus has a term of six years, with the period covering financial years 2020 to 2022 being the period for evaluation of the performance level in relation to the parameters to which the 2020-2022 Strategic Bonus is linked, and the period covering financial years 2023 to 2025 being the period for payment thereof, which will be made through the deferred delivery of shares over those three years.

The measurement of the targets for the 2020-2022 Strategic Bonus ended on 31 December 2022.

At its meeting on 21 February 2023, the Board of Directors, upon a proposal of the Remuneration Committee and with the advice of PwC Asesores, evaluated the performance level in relation to the financial, business and sustainable development objectives, which present a challenging scenario for a company that continues to have profitable growth and is financially strong and committed to the Sustainable Development Goals, with the following details:

- 2022 consolidated **Net Profit** (30% Weight). Target (€4,200). Result €4,339. Achievement level 100%.

Weight	2022 consolidated net profit	
30%	0% ≤ €3,700 M	100% ≥ €4,200 M
Result: €4,339 M Achievement level: 100%		

- **Increase total shareholder return** (2020-2022) as compared with the Euro STOXX Utilities Index (20% Weight). Index result + 18.92 bp. Achievement level 100%.

Weight	Comparative TSR performance against the STOXX Utilities Index at year-end 2022	
20%	0% Index -5%	100% Index +5%
Result: Index +18.92% Achievement level: 100%		

- **Improve financial strength** measured through the **FFO/Net Debt ratio** (20% Weight) Target (22%) Result 25.43%. Achievement level 100%.

Weight	Maintenance of financial strength through FFO/Net Debt	
20%	0% Year-end 2019	100% 22%
Result: 25.43% Achievement level: 100%		



- Parameters related to the Sustainable Development Goals (“SDGs”) (30% Weight):
 - Reduction in the average intensity of CO₂ emissions of the Iberdrola group (10% weight). Target (average intensity of own emissions of CO₂ equal to 105 g CO₂/kWh in the 2020-2022 period). Result 93 g CO₂/kWh. Achievement level 100%.
 - Increase the number of suppliers subject to sustainable development policies and standards (10% weight). Target (70% main suppliers). Result 77.6%. Achievement level 100%.
 - Close the salary gap between women and men at the Iberdrola group level (10% weight). Target (Less than 2%). Result of positive pay gap in favour of women of 5.5%. Achievement level 100%.

Weight	Reduction in the average intensity of CO ₂ EMISSIONS	
10%	0% 2017-2019 period	100% 105 grCO ₂ /kWh
Result: 92.33 grCO ₂ /kWh Achievement level: 100%		
Weight	Increase the number of suppliers subject to sustainable development policies and standards	
10%	0% Year-end 2019	100% 70%
Result: 77.6% Achievement level: 100%		
Weight	Close the salary gap between women and men at the Iberdrola Group level	
10%	0% ≥ 2%	100% 0%
Result: -5.5% Achievement level: 100%		

Taking into account the foregoing, the total weighted achievement level is 100% for the parameters to which the 2020-2022 Strategic Bonus is linked.

In view of the above, on 21 February 2023 the Board of Directors resolved to allocate the established maximum number of shares to both the Executive Chairman and the Chief Executive Officer, with the first of the deliveries taking place.

The second delivery of shares will take place during the first quarter of 2024, once the basis for the application of the 2020-2022 Strategic Bonus has been confirmed by the Board of Directors following a report of the Remuneration Committee.

Current plans: 2023-2025 Strategic Bonus (in evaluation period)

Shareholders at the General Shareholders' Meeting held on 28 April 2023, with 92% of votes in favour, approved the 2023-2025 Strategic Bonus, which has a term of six years, with the period covering financial years 2023 to 2025 being the period for evaluation of the performance level in relation to the parameters to which the 2023-2025 Strategic Bonus is linked, and the period



covering financial years 2026 to 2028 being the settlement period, which will be made through the deferred delivery of shares over those three years.

Metrics	<p>The performance is evaluated based on the following financial, business and sustainable development parameters, which project an ambitious and challenging scenario for a company that is not satisfied with simply continuing its profitable growth, being financially sound and being committed to the Sustainable Development Goals approved by the United Nations, but rather seeks to continue strengthening its industry leadership in the energy transition and decarbonisation.</p> <ul style="list-style-type: none"> • Consolidated net profit of the Iberdrola Group in financial year 2025 (30% weight) • Increase total shareholder return of the Company during the 2023-2025 period (20% weight) • Parameters relating to financial objectives (maintain financial strength through the long-term credit rating of the Company and increase ESG financing) (20% weight) • Parameters related to the Sustainable Development Goals (Reduction in intensity of CO2 emissions specific to the Iberdrola Group; Increase the number of suppliers subject to Sustainable Development policies and standards; and (iii) increase the number of women in senior positions within the Iberdrola Group (30% weight). <p>The criteria used, together with their associated weights and targets, have been disclosed <i>ex ante</i> in accordance with the Outlook communicated at the Capital Markets & ESG Day held in November 2022.</p> <p>These parameters will be measured at the end of the assessment period, i.e. on 31 December 2025, in accordance with the criteria set out in Section A.1.6 of this Report.</p>
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B.8. Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the “malus” (reduction) or clawback clauses, why they were implemented and the years to which they refer

During financial year 2023 there has been no reduction in, nor any demand for return of, any variable component of the remuneration of the Executive Chairman or of the Chief Executive Officer, nor have any amounts been reduced or returned due to the application of the claw-back clause.



B.9. Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the directors and their compatibility with any type of indemnification for early termination or cessation of the contractual relationship between the company and the director

The members of the management team are insured under a long-term savings scheme, implemented through an insurance policy that provides coverage for the supplementary social security contributions regime established to enhance the regime that would apply to them pursuant to applicable law and the Collective Bargaining Agreement.

This is a defined contribution plan applicable for retirement, death and disability for any reason, meaning that the management team will have the financial rights acquired at the normal retirement age, and the grounds for any early termination of the contractual relationship will determine the rights thereof. The policy expressly acknowledges that in the event of cessation of office or resignation or improper payment, the Policyholder undertakes to pay the amount that has been surrendered under the policy in relation to the retirement contingency.

The Chief Executive Officer Mr Armando Martínez Martínez is insured under the group life insurance policy described above, with an undertaking assumed when he was a member of senior management, and which has not been changed as a result of his appointment as Chief Executive Officer. Details of the amount accrued in financial year 2023 by the Chief Executive Officer in respect of long-term savings schemes, from the commitment acquired when he was a member of senior management, are set out in Section C.1.a) of this Report.

The Company has no commitment to any long-term defined-contribution, defined-benefit retirement or savings system for the group of directors.

The Executive Chairman Mr José Ignacio Sánchez Galán is not a participant in any long-term savings schemes (pensions).

B.10. Explain, where applicable, the indemnification or any other type of payment deriving from the early cessation, whether at the company's or the director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by directors during the year last ended

No severance payments or payments arising from early termination were paid in financial year 2023.



B.11. Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

On the occasion of the appointment of Mr Armando Martínez Martínez as the new Chief Executive Officer of the Company, the Board of Directors resolved in June 2023 to change the contractual terms of the Executive Chairman, approving the amendment thereof on the following terms:

1. Severance pay for termination of contract will be **reduced from three (3) times annual remuneration to two (2) times annual remuneration.**
2. The term of the post-contractual **non-compete clause will be extended from two (2) years to three (3) years, while maintaining the compensation of two (2) times annual remuneration.**

These changes occurred upon the appointment of Mr Armando Martínez Martínez as the new Chief Executive Officer of the Company.

B.12. Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position

During 2023 there was no supplementary remuneration for the directors for services other than those inherent in their position.

B.13. Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee

During 2023 there was no remuneration deriving from advances, loans or guarantees granted by the Iberdrola Group to the members of Iberdrola's Board of Directors.

B.14. Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components

Remuneration in kind for all members of the Board of Directors is not significant and has not exceeded €384 thousand (mainly the employee electricity rate and health and casualty insurance).

B.15. Explain the remuneration accrued by any director by virtue of payments made by the listed company to a third company in which the director provides services when these payments seek to remunerate the director's services to the company

During 2023 no remuneration was accrued by the directors of Iberdrola by virtue of payments made by the listed company to a third company in which the director provides services.



B.16. Explain any item of remuneration other than the foregoing

The Executive Chairman has received remuneration as chairman of the Boards of Directors of Neoenergia S.A. and of AVANGRID, Inc. The amount of such remuneration is reflected in Section C of this Report.



C. Itemised individual remuneration accrued by each director



C. Itemised individual remuneration accrued by each director

Name	Type	Period of accrual in year 2023
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	Executive Chairman	1/01/2023 until 31/12/2023
Mr ARMANDO MARTINEZ MARTINEZ	Chief Executive Officer	1/01/2023 until 31/12/2023
Mr IÑIGO VÍCTOR DE ORIOL IBARRA	Other External Director	1/01/2023 until 31/12/2023
Ms MARÍA HELENA ANTOLÍN RAYBAUD	Other External Director	1/01/2023 until 31/12/2023
Mr MANUEL MOREU MUNAIZ	Independent Director	1/01/2023 until 31/12/2023
Mr XABIER SAGREDO ORMAZA	Independent Director	1/01/2023 until 31/12/2023
Mr JUAN MANUEL GONZÁLEZ SERNA	Independent Director	1/01/2023 until 31/12/2023
Mr ANTHONY L. GARDNER	Independent Director	1/01/2023 until 31/12/2023
Ms SARA DE LA RICA GOIRICELAYA	Independent Director	1/01/2023 until 31/12/2023
Ms NICOLA MARY BREWER	Independent Director	1/01/2023 until 31/12/2023
Ms REGINA HELENA JORGE NUNES	Independent Director	1/01/2023 until 31/12/2023
Mr ÁNGEL JESÚS ACEBES PANIAGUA	Independent Director	1/01/2023 until 31/12/2023
Ms MARÍA ÁNGELES ALCALÁ DÍAZ	Independent Director	1/01/2023 until 31/12/2023
Ms ISABEL GARCÍA TEJERINA	Independent Director	1/01/2023 until 31/12/2023

C.1. Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in year 2023	Total in year 2022
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	567	144	88	2,250	3,250			175	6,474	6,345
Mr ARMANDO MARTINEZ MARTINEZ	165	96	88	1,000	1,496			172	3,017	3,240
Mr IÑIGO VÍCTOR DE ORIOL IBARRA	165	76	88					5	334	301
Ms MARÍA HELENA ANTOLÍN RAYBAUD	165	68	88					6	327	361
Mr MANUEL MOREU MUNAIZ	165	136	176					3	480	322
Mr XABIER SAGREDO ORMAZA	211	102	88					4	405	527
Mr JUAN MANUEL GONZÁLEZ SERNA	440	174	176					1	791	549
Mr ANTHONY L. GARDNER	440	142	176					2	760	536
Ms SARA DE LA RICA GOIRICELAYA	440	78	88					3	609	505
Ms NICOLA MARY BREWER	165	64	88					1	318	296
Ms REGINA HELENA JORGE NUNES	165	96	88					1	350	306
Mr ÁNGEL JESÚS ACEBES PANIAGUA	440	144	176					6	766	495
Ms MARÍA ÁNGELES ALCALÁ DÍAZ	394	112	88					3	597	307
Ms ISABEL GARCÍA TEJERINA	165	64	88					2	319	297

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of year 2023		Financial instruments granted during year 2023		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent / vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	2020-2022 Strategic Bonus		1,900,000				633,333	10.705	6,780			1,266,667
	2023-2025 Strategic Bonus		0					0				1,900,000
Mr ARMANDO MARTINEZ MARTINEZ	2020-2022 Strategic Bonus		240,000				80,000	10.705	856			160,000
	2023-2025 Strategic Bonus		0					0				500,000

Observations

In the case of the Chief Executive Officer with respect to the 2020-2022 Strategic Bonus, up to a maximum of 240,000 shares, which was assigned to him in 2020 when he was a member of senior management and has not been changed as a result of his appointment as Chief Executive Officer.
The 2023-2025 Strategic Bonus was approved by the shareholders at the General Shareholders' Meeting held on 28 April 2023.



iii) Long-term savings schemes

Name	Remuneration for vested rights in savings schemes
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	
Mr ARMANDO MARTINEZ MARTINEZ	
Mr IÑIGO VÍCTOR DE ORIOL IBARRA	
Ms MARÍA HELENA ANTOLÍN RAYBAUD	
Mr MANUEL MOREU MUNAIZ	
Mr XABIER SAGREDO ORMAZA	
Mr JUAN MANUEL GONZÁLEZ SERNA	
Mr ANTHONY L. GARDNER	
Ms SARA DE LA RICA GOIRICELAYA	
Ms NICOLA MARY BREWER	
Ms REGINA HELENA JORGE NUNES	
Mr ÁNGEL JESÚS ACEBES PANIAGUA	
Ms MARÍA ÁNGELES ALCALÁ DÍAZ	
Ms ISABEL GARCÍA TEJERINA	

Name	Contribution by the company in the financial year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year 2023		Year 2022	
	Year 2023	Year 2022	Year 2023	Year 2022	Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN								
Mr ARMANDO MARTINEZ MARTINEZ	200	100			1,186		904	
Mr IÑIGO VÍCTOR DE ORIOL IBARRA								
Ms MARÍA HELENA ANTOLÍN RAYBAUD								
Mr MANUEL MOREU MUNAIZ								
Mr XABIER SAGREDO ORMAZA								
Mr JUAN MANUEL GONZÁLEZ SERNA								
Mr ANTHONY L. GARDNER								
Ms SARA DE LA RICA GOIRICELAYA								
Ms NICOLA MARY BREWER								
Ms REGINA HELENA JORGE NUNES								
Mr ÁNGEL JESÚS ACEBES PANIAGUA								
Ms MARÍA ÁNGELES ALCALÁ DÍAZ								
Ms ISABEL GARCÍA TEJERINA								

Observations

In the case of the Chief Executive Officer, this commitment was acquired when he was a member of senior management and has not been changed as a result of his appointment as Chief Executive Officer. The above amounts are as at 28 February 2023.



iv) Details of other items

Name	Item	Remuneration amount
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN		
Mr ARMANDO MARTINEZ MARTINEZ		
Mr IÑIGO VÍCTOR DE ORIOL IBARRA		
Ms MARÍA HELENA ANTOLÍN RAYBAUD		
Mr MANUEL MOREU MUNAIZ		
Mr XABIER SAGREDO ORMAZA		
Mr JUAN MANUEL GONZÁLEZ SERNA		
Mr ANTHONY L. GARDNER		
Ms SARA DE LA RICA GOIRICELAYA		
Ms NICOLA MARY BREWER		
Ms REGINA HELENA JORGE NUNES		
Mr ÁNGEL JESÚS ACEBES PANIAGUA		
Ms MARÍA ÁNGELES ALCALÁ DÍAZ		
Ms ISABEL GARCÍA TEJERINA		

Observations



b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in year 2023	Total in year 2022
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	582								582	389
Mr ARMANDO MARTINEZ MARTINEZ										
Mr IÑIGO VÍCTOR DE ORIOL IBARRA										
Ms MARÍA HELENA ANTOLÍN RAYBAUD										
Mr MANUEL MOREU MUNAIZ										
Mr XABIER SAGREDO ORMAZA										
Mr JUAN MANUEL GONZÁLEZ SERNA										
Mr ANTHONY L. GARDNER										
Ms SARA DE LA RICA GOIRICELAYA										
Ms NICOLA MARY BREWER										
Ms REGINA HELENA JORGE NUNES										
Mr ÁNGEL JESÚS ACEBES PANIAGUA										
Ms MARÍA ÁNGELES ALCALÁ DÍAZ										
Ms ISABEL GARCÍA TEJERINA										

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of year 2023		Financial instruments granted during year 2023		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN												
Mr ARMANDO MARTINEZ MARTINEZ												
Mr IÑIGO VÍCTOR DE ORIOL IBARRA												
Ms MARÍA HELENA ANTOLÍN RAYBAUD												
Mr MANUEL MOREU MUNAIZ												
Mr XABIER SAGREDO ORMAZA												
Mr JUAN MANUEL GONZÁLEZ SERNA												
Mr ANTHONY L. GARDNER												
Ms SARA DE LA RICA GOIRICELAYA												
Ms NICOLA MARY BREWER												
Ms REGINA HELENA JORGE NUNES												
Mr ÁNGEL JESÚS ACEBES PANIAGUA												
Ms MARÍA ÁNGELES ALCALÁ DÍAZ												
Ms ISABEL GARCÍA TEJERINA												

Observations



iii) Long-term savings schemes

	Remuneration for vested rights in savings schemes
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	
Mr ARMANDO MARTINEZ MARTINEZ	
Mr IÑIGO VÍCTOR DE ORIOL IBARRA	
Ms MARÍA HELENA ANTOLÍN	
Mr MANUEL MOREU MUNAIZ	
Mr XABIER SAGREDO ORMAZA	
Mr JUAN MANUEL GONZÁLEZ SERNA	
Mr ANTHONY L. GARDNER	
Ms SARA DE LA RICA GOIRICELAYA	
Ms NICOLA MARY BREWER	
Ms REGINA HELENA JORGE NUNES	
Mr ÁNGEL JESÚS ACEBES PANIAGUA	
Ms MARÍA ÁNGELES ALCALÁ DÍAZ	
Ms ISABEL GARCÍA TEJERINA	

Name	Contribution by the company in the financial year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year 2023		Year 2022	
	Year 2023	Year 2022	Year 2023	Year 2022	Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN								
Mr ARMANDO MARTINEZ MARTINEZ								
Mr IÑIGO VÍCTOR DE ORIOL IBARRA								
Ms MARÍA HELENA ANTOLÍN RAYBAUD								
Mr MANUEL MOREU MUNAIZ								
Mr XABIER SAGREDO ORMAZA								
Mr JUAN MANUEL GONZÁLEZ SERNA								
Mr ANTHONY L. GARDNER								
Ms SARA DE LA RICA GOIRICELAYA								
Ms NICOLA MARY BREWER								
Ms REGINA HELENA JORGE NUNES								
Mr ÁNGEL JESÚS ACEBES PANIAGUA								
Ms MARÍA ÁNGELES ALCALÁ DÍAZ								
Ms ISABEL GARCÍA TEJERINA								

Observations



iv) Details of other items

Name	Item	Remuneration amount
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN		
Mr ARMANDO MARTINEZ MARTINEZ		
Mr IÑIGO VÍCTOR DE ORIOL IBARRA		
Ms MARÍA HELENA ANTOLÍN RAYBAUD		
Mr MANUEL MOREU MUNAIZ		
Mr XABIER SAGREDO ORMAZA		
Mr JUAN MANUEL GONZÁLEZ SERNA		
Mr ANTHONY L. GARDNER		
Ms SARA DE LA RICA GOIRICELAYA		
Ms NICOLA MARY BREWER		
Ms REGINA HELENA JORGE NUNES		
Mr ÁNGEL JESÚS ACEBES PANIAGUA		
Ms MARÍA ÁNGELES ALCALÁ DÍAZ		
Ms ISABEL GARCÍA TEJERINA		

Observations

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					Total in year 2023 company + group
	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2023 company	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2023 group	
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	6,474	6,780			13,254	582				582	13,836
Mr ARMANDO MARTINEZ MARTINEZ	3,017	856	200		4,073						4,073
Mr IÑIGO VÍCTOR DE ORIOL IBARRA	334				334						334
Ms MARÍA HELENA ANTOLÍN RAYBAUD	327				327						327
Mr MANUEL MOREU MUNAIZ	480				480						480
Mr XABIER SAGREDO ORMAZA	405				405						405
Mr JUAN MANUEL GONZÁLEZ SERNA	791				791						791
Mr ANTHONY L. GARDNER	760				760						760
Ms SARA DE LA RICA GOIRICELAYA	609				609						609
Ms NICOLA MARY BREWER	318				318						318
Ms REGINA HELENA JORGE NUNES	350				350						350
Mr ÁNGEL JESÚS ACEBES PANIAGUA	766				766						766
Ms MARÍA ÁNGELES ALCALÁ DÍAZ	597				597						597
Ms ISABEL GARCÍA TEJERINA	319				319						319
TOTAL	15,547	7,636	200		23,383	582				582	23,965

Observations



C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Year 2023	% change 2023/2022	Year 2022	% change 2022/2021	Year 2021	% change 2021/2020	Year 2020	% change 2020/2019	Year 2019
Executive directors									
Mr JOSÉ IGNACIO SÁNCHEZ GALÁN	13,836	5.9	13,060	-1.10	13,205	8.23	12,201	16.96	10,432
Mr ARMANDO MARTINEZ MARTINEZ	4,073	25.7	3,240	189.03	1,121				
External directors									
Mr IÑIGO VÍCTOR DE ORIOL IBARRA	334	11.0	301	1.35	297	-5.41	314	1.29	310
Ms MARÍA HELENA ANTOLÍN RAYBAUD	327	-9.4	361	-28.08	502	1.21	496	-0.60	499
Mr MANUEL MOREU MUNAIZ	480	49.1	322	-1.23	326	0.31	325	3.17	315
Mr XABIER SAGREDO ORMAZA	405	-23.1	527	3.74	508	0.59	505	6.54	474
Mr JUAN MANUEL GONZÁLEZ SERNA	791	44.1	549	-0.54	552	2.99	536	10.29	486
Mr ANTHONY L. GARDNER	760	41.8	536	61.93	331	14.93	288	1.41	284
Ms SARA DE LA RICA GOIRICELAYA	609	20.6	505	1.20	499	29.61	385	76.61	218
Ms NICOLA MARY BREWER	318	7.4	296	2.07	290	36.79	212		
Ms REGINA HELENA JORGE NUNES	350	14.4	306	4.08	294	36.11	216		
Mr ÁNGEL JESÚS ACEBES PANIAGUA	766	54.7	495	53.24	323	429.51	61	-16.44	73
Ms MARÍA ÁNGELES ALCALÁ DÍAZ	597	94.5	307	157.98	119				
Ms ISABEL GARCÍA TEJERINA	319	7.4	297	137.60	125				
Consolidated results of the company	4,803	10.69	4,339	11.69	3,885	7.59	3,611	4.18	3,466
Average employee remuneration	88	6.02	83	7.79	77	-1.28	78	-4.88	82

Observations
Employee remuneration corresponds to total personnel expense.



D. Further information of interest



D. Further information of interest

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly

This Annual Report on Remuneration of Directors and Officers was approved by the Company's Board of Directors at its meeting held on 20 February 2024.

Indicate whether any director voted against or abstained from approving this report.

Yes

No