

Bilbao, 13 May 2022

To the National Securities Market Commission

Re: Other relevant information / Publication of the announcement of the call to the 2022 General Shareholders' Meeting and documentation made available to the shareholders

Pursuant to article 227 of the restated text of the Securities Market Law approved by the Royal Legislative Decree 4/2015, of 23 October (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) and related provisions, and in continuation of our notice of other relevant information dated 10 May 2022 (record number 16204), we hereby send to you, attached hereto, the announcement of the call to the General Shareholders' Meeting of Iberdrola, S.A. (the "**Company**"), which in all likelihood will be held on Friday 17 June 2022, on second call, with the agenda set forth in the aforementioned notice.

Said announcement of the call to meeting is published today in the Official Bulletin of the Commercial Registry (*Boletín Oficial del Registro Mercantil*) and on the Company's corporate website (www.iberdrola.com), where it shall be continuously accessible until at least the holding of the General Shareholders' Meeting.

Also attached hereto are the proposed resolutions and reports of the Board of Directors in relation to the various items on the agenda for said General Shareholders' Meeting. These proposed resolutions and reports of the Board of Directors, together with the other documents relating to the General Shareholders' Meeting, will be available to the shareholders at the registered office and on the corporate website of the Company (www.iberdrola.com), on the terms set out in the announcement of the call to meeting.

This information is provided to you for the appropriate purposes.

Secretary of the Board of Directors





IMPORTANT INFORMATION

This communication does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities. The shares of Iberdrola, S.A. may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act or pursuant to a valid exemption from registration.

NOTICE: This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document which this translation is intended to reflect, the text of the original Spanish-language document shall prevail.
www.iberdrola.com



Take care of the environment.
Printed in black and white and only if necessary

GENERAL SHAREHOLDERS' MEETING

17 June 2022



**Announcement of
the call to meeting**

Call to the 2022 General Shareholders' Meeting of Iberdrola, S.A.

The Company hereby calls the General Shareholders' Meeting to be held at its registered office (Bilbao, plaza Euskadi, 5), while also offering shareholders and their representatives the ability to attend remotely.

Date, recommendation and incentives

Date and time	Friday 17 June 2022 (second call) , at 11:00 a.m. ¹ .
Recommendation	It is recommended that shareholders and their proxy representatives attend or participate remotely prior to the Meeting in order to safeguard their health, promote sustainability and avoid inconveniences arising from measures that may potentially be imposed by the authorities.
Facilities for participating in the Meeting	<ul style="list-style-type: none"> • Remote attendance: by means of prior registration through the corporate website (www.iberdrola.com). • Physical attendance: by means of prior registration to reserve a seat through the Shareholder's Office and the corporate website (www.iberdrola.com). • Channels for participating prior to the Meeting: identified below.
Incentives for participation	<ul style="list-style-type: none"> • Engagement dividend: the shareholders will receive €0.005 (gross) per share if the shareholders at this Meeting approve said incentive and adopt a resolution for payment thereof, which will be subject to the quorum for the Meeting reaching 70% of the share capital and to the approval of item 7 on the agenda. • Prize draw for ten electric bicycles among shareholders participating remotely through the corporate website (www.iberdrola.com) or the telephone channel. • Commemorative gifts for those who go to the shareholder information desks.
Immersive web space	The corporate website (www.iberdrola.com) will include a space dedicated to a virtual Shareholder Week with all the information on the Meeting and with links to participate and follow the proceedings.

Agenda

Management results and auditing of accounts	1. Annual financial statements 2021.
	2. Directors' reports 2021.
	3. Statement of non-financial information 2021.
	4. Corporate management and activities of the Board of Directors in 2021.
	5. Re-election of KPMG Auditores, S.L. as statutory auditor.
Governance and Sustainability System	6. Amendment of the Preamble and of Article 7 of the <i>By-Laws</i> to strengthen Iberdrola's commitment to its purpose and values and to the generation of the social dividend.
	7. Amendment of Article 16 of the <i>By-Laws</i> to provide for the engagement dividend.
	8. Amendment of Article 11 of the <i>Regulations for the General Shareholders' Meeting</i> to provide for the engagement dividend.
Remuneration	9. Engagement dividend: approval and payment.
	10. Allocation of profits/losses and 2021 dividends: approval and supplementary payment that will be made within the framework of the "Iberdrola Retribución Flexible" optional dividend system.
	11. First increase in capital by means of a scrip issue at a maximum reference market value of €1,880 million in order to implement the "Iberdrola Retribución Flexible" optional dividend system.
	12. Second increase in capital by means of a scrip issue at a maximum reference market value of €1,350 million in order to implement the "Iberdrola Retribución Flexible" optional dividend system.
	13. Reduction in capital by means of the redemption of a maximum of 197,563,000 own shares (3.069% of the share capital).
	14. <i>Annual Director Remuneration Report 2021</i> : consultative vote.
Board of Directors	15. Re-election of Mr Anthony L. Gardner as an independent director.
	16. Ratification and re-election of Ms María Ángeles Alcalá Díaz as an independent director.
	17. Ratification and re-election of Ms Isabel García Tejerina as an independent director.
Approval and delegation of powers	18. Setting of the number of members of the Board of Directors at fourteen.
	19. Authorisation to acquire own shares.
	20. Delegation of powers to formalise and to convert the resolutions adopted into a public instrument.

¹ The Meeting is called to be held on Thursday 16 June, at 11:00 a.m., on first call, and on Friday 17 June, at the same time, on second call. However, the shareholders are informed that the Meeting will in all likelihood be held on second call.

Participation and documentation

Participants	Each shareholder having at least one share registered in the shareholder's name on 10 June may attend the Meeting and grant their proxy or cast an absentee vote prior to the holding thereof.
Channels for participating prior to the Meeting	<p>Shareholders may grant their proxy or cast an absentee vote through depositaries or the following channels:</p> <ul style="list-style-type: none"> • Corporate website: www.iberdrola.com. • Shareholder telephone number: 900 100 019 (free phone). • Shareholder information desks at the locations, on the dates and at the times to be announced on the corporate website (www.iberdrola.com). • Post: sending the proxy and absentee voting card to the Company by post (apartado de correos número 1.113, 48080 Bilbao) or an image of the card by e-mail (Junta2022@iberdrola.es). • Instant messenger: sending an image of the proxy and absentee voting card to the Company by WhatsApp (+34 639 000 639) or by Telegram (Junta Iberdrola). <p>Proxy representatives may cast an absentee vote by sending the card with the proxy granted to them through the corporate website (www.iberdrola.com), by post or instant messenger as indicated above.</p>
Documentation	<p>The Company recommends viewing the documentation for the Meeting on the corporate website (www.iberdrola.com), which also contains information regarding the exercise of shareholder rights as well as regarding the reduction and increases in capital and the amendments to the <i>Regulations of the Board of Directors</i> made since the last Meeting.</p> <p>However, shareholders have the legal right to examine at the registered office and to request the immediate delivery or shipping without charge of a copy of the annual financial statements and directors' reports for financial year 2021, together with the audit reports, the statement of non-financial information for said financial year, and the proposed resolutions and reports of the Board of Directors.</p>
Pre-registration to attend	<ul style="list-style-type: none"> • Remote attendance: shareholders and their proxy representatives must pre-register on the corporate website (www.iberdrola.com) until 10:00 a.m. on the day the Meeting is held. • Physical attendance: shareholders and their proxy representatives must pre-register to reserve a seat through the Shareholder's Office or the corporate website (www.iberdrola.com) until 10:00 a.m. on the day the Meeting is held.
Key dates	<ul style="list-style-type: none"> • 13 May: opening of the application for proxy-granting and absentee voting on the corporate website (www.iberdrola.com) and commencement of the period for in-person attendees to pre-register through the Shareholder's Office. • 18 May: end of period to request the publication of a supplement to the call to meeting and to submit well-founded proposed resolutions. • 11 June: end of period to exercise the right to receive information prior to the Meeting upon the terms of applicable legal provisions. • 12 June: opening of the application on the corporate website (www.iberdrola.com) for attendees to pre-register and also for remote attendees to be able to submit their presentations and proposed resolutions. • 16 June: end of period to grant a proxy or cast an absentee vote prior to the Meeting if, as expected, it is held on second call (or the preceding day if held on first call). • 17 June: date scheduled for the holding of the Meeting on second call. <ul style="list-style-type: none"> - From 9:00 a.m. to 10:15 a.m.: period for those who have pre-registered to register as remote attendees at the General Meeting. During this registration process, they may state (if they have not already done so during pre-registration) their intention to make a presentation or propose resolutions, the text of which must be sent before 11:00 a.m. - 10:15 a.m.: opening of doors for those who have pre-registered and have a seat reservation to attend the Meeting in person. - 11:00 a.m.: beginning of the General Meeting, which will be broadcast through the corporate website (www.iberdrola.com).

Questions and clarifications

AVA and Shareholder's Office	<p>The Virtual Shareholder Assistant (<i>Asistente Virtual del Accionista</i>) (AVA) will be available to the shareholders on the corporate website (www.iberdrola.com) and on the "Iberdrola Investor Relations" App to find answers to any question regarding the Meeting, as will be the free phone 900 100 019 and the e-mail address accionistas@iberdrola.com as permanent channels of contact with the Shareholder's Office. Members of the OLS Shareholders' Club can also make inquiries throughout the year through their interactive application.</p> <p>Sustainable management of the event includes measures to make participation in the Meeting accessible to all shareholders, who will be able to ask for help in this regard through the Shareholder's Office.</p>
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In Bilbao, on 10 May 2022.

The secretary of the Board of Directors.

Personal data protection: the Company is the controller of the personal data of the shareholders and their proxy representatives provided thereby or by the depositaries of the shares. The purposes of such processing are: (i) to manage the Meeting; (ii) to comply with, and if applicable verify compliance with, the obligations set out in the Governance and Sustainability System related to the holding of the Meeting, and particularly with the corporate policies and resolutions submitted to the shareholders, including the Company's direct contact with shareholders and the payment of dividends; (iii) to perform analyses and prepare reports to optimise the management of the Meeting; and (iv) to record and broadcast the Meeting. The legal basis for the first of the aforementioned purposes is to comply with legal obligations and to manage the shareholder relationship, and in the other cases it is the legitimate interest of the Company in holding meetings that fully conform to its Governance and Sustainability System and the rest of its internal rules, as well as ensuring the observance and full satisfaction of shareholder rights and adopting measures favouring the achievement of those objectives. Said data may be communicated to the notary who prepares the minutes for the Meeting and to other shareholders in the exercise of their right to receive information, but in no event will they be transferred outside of the European Economic Area. Providers of third-party services, like the service to verify the proper conduct of the Meeting and compliance with obligations relating to the holding thereof, as well as to prepare statistical information, with which the Company will sign the contracts required by applicable legal provisions, may also have access to said data. The rights of access, rectification, objection, erasure and restriction of processing may be exercised in accordance with the *Implementing Rules for the General Shareholders' Meeting*, available on the corporate website (www.iberdrola.com), which contains more detailed information regarding the processing of personal data.

GENERAL SHAREHOLDERS' MEETING 17 June 2022



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ITEM 1 ON THE AGENDA

Annual financial statements 2021

RESOLUTION

To approve the separate annual financial statements of IBERDROLA, S.A. (balance sheet, profit and loss account, statement of changes in shareholders' equity, statement of cash flows and notes) and the annual financial statements of the Company consolidated with those of its subsidiaries (consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of overall profit and loss, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and consolidated notes) for the financial year ended on 31 December 2021, formulated by the Board of Directors at its meeting held on 22 February 2022.

ITEM 2 ON THE AGENDA

Directors' reports 2021

RESOLUTION

To approve the separate directors' report of IBERDROLA, S.A. and the directors' report of IBERDROLA, S.A. consolidated with that of its subsidiaries for the financial year ended on 31 December 2021, formulated by the Board of Directors at its meeting held on 22 February 2022.

ITEM 3 ON THE AGENDA

Statement of non-financial information 2021

RESOLUTION

To approve the *Statement of Non-Financial Information. Sustainability Report* of IBERDROLA, S.A. consolidated with that of its subsidiaries for the financial year ended on 31 December 2021, formulated by the Board of Directors at its meeting held on 22 February 2022.

ITEM 4 ON THE AGENDA

Corporate management and activities of the Board of Directors in 2021

RESOLUTION

To approve the management of the Company and the activities of the Board of Directors of IBERDROLA, S.A. during the financial year ended on 31 December 2021.



ITEM 5 ON THE AGENDA

Re-election of KPMG Auditores, S.L. as statutory auditor.

RESOLUTION

To re-elect KPMG Auditores, S.L. as statutory auditor of IBERDROLA, S.A. and its consolidated group in order to carry out the audit for financial years 2022 and 2023, and to delegate to the Board of Directors, with express power of substitution, the power to enter into the corresponding services agreement, with the clauses and conditions it deems appropriate, which includes the power to make in said agreement such changes as may be required in accordance with the law from time to time in effect.

This resolution is submitted by the Board of Directors for the approval of the shareholders at the General Shareholders' Meeting upon a prior proposal of the Audit and Risk Supervision Committee.

KPMG Auditores, S.L. has its registered office in Madrid, at Paseo de la Castellana, número 259 C and holds tax identification number B-78510153. It is registered under number S0702 in the Official Auditors' Registry of the Instituto de Contabilidad y Auditoría de Cuentas and in the Commercial Registry of Madrid in volume 11,961, sheet M-188,007.

ITEM 6 ON THE AGENDA

Amendment of the Preamble and of Article 7 of the *By-Laws* to strengthen Iberdrola's commitment to its purpose and values and to the generation of the social dividend

RESOLUTION

To amend the Preamble and Article 7 of the *By-Laws* to strengthen Iberdrola's commitment to its purpose and values and to the generation of the social dividend. The Preamble and Article 7 of the *By-Laws* shall hereafter read as follows:

"PREAMBLE

Pursuant to the corporate autonomy recognised by law, these By-Laws govern the corporate contract by which all shareholders of IBERDROLA, S.A. (the "Company") are bound upon acquiring such status.

Having been approved in accordance with applicable law by the shareholders acting at a General Shareholders' Meeting, which is the highest governing body through which shareholders express their contractual will, they go far beyond the minimum requirements established by law and even the typical text of the by-laws of listed companies.

Along these lines, the preliminary title hereof first defines the fundamental pillars of the Company as an independent entity of an open nature, the holding company of an international industrial group that combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the Company's group, all on the basis of an effective system of checks and balances that prevents the centralisation of management power within a single governance body or a single person.

The provisions of the By-Laws regarding the corporate object, the purpose and values, and the corporate interest and social dividend, beyond the corporate aspects highlighted above, give shape to an electric power company focused on a clear “purpose” and certain clear “values” that make up its corporate philosophy and its ideological and axiological bases on which its corporate enterprise is based; thus they portray an integral company, which transcends its nature as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations and the most demanding environmental, social commitment and good governance (ESG) requirements, and ultimately distinguish it as a company and institutional reality, a player in the economic and social environment in which it does business.

In the case of the Company, the By-Laws thereof define and ultimately constitute the foundation on which is built and based the Governance and Sustainability System, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its raison d'être and way of being, the construction of its identity, the achievement and implementation of the Purpose and Values of the Iberdrola group, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the social dividend that it shares with all of its Stakeholders.

In turn, the Purpose and Values of the Iberdrola group meet the most demanding standards in the areas of environmental protection and climate action, social commitment, and corporate governance, within the general framework of respect for and protection of human rights, the social market economy, and the ethical principles generally accepted in its sphere of activity.

The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the Purpose and Values of the Iberdrola group, ensures the assembly and coordination of all its Stakeholders within a company made up of them, and ultimately directs and supports the driving action of the Company as an enterprise and institutional reality in the communities of which it is a part and in today's globalised society as a whole.

To the extent applicable thereto, the By-Laws and the other provisions of the Company's Governance and Sustainability System bind its shareholders, the members of the Board of Directors and of senior management, and the other professionals of the Company and its group, as well as, generally, any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith.”

“Article 7. Social Dividend

- 1. The performance of the activities included in the corporate object, particularly the Company's innovation and digital transformation strategy, must be focused on the sustainable creation of value, in accordance with the Purpose and Values of the Iberdrola group and with the commitments made in its Code of Ethics.*
- 2. The Company recognises and seeks to obtain a social dividend consisting of the direct, indirect or induced contribution of value of its activities for all Stakeholders, particularly through its contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations and its commitment to best environmental, social and corporate governance (ESG) practices.*



3. *The statement of non-financial information formulated by the Board of Directors and approved by the shareholders at the General Shareholders' Meeting presents the Company's performance in the social, environmental and sustainability areas, as well as the social dividend generated and shared with its Stakeholders.*
4. *The Company shall promote the public dissemination of its non-financial information and of the social dividend generated, especially among its Stakeholders."*

ITEM 7 ON THE AGENDA

Amendment of Article 16 of the *By-Laws* to provide for the engagement dividend

RESOLUTION

To amend Article 16 of the *By-Laws* to provide for the ability of the Board of Directors to implement financial incentives to encourage shareholder participation in the General Shareholders' Meeting, including the payment of an engagement dividend. Said Article 16 of the *By-Laws* shall hereafter read as follows:

"Article 16. Shareholder Participation

The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders' Meeting, including, if appropriate, the payment of financial incentives for participation (such as attendance bonuses or the payment of an engagement dividend subject to a specified minimum quorum being reached at the General Shareholders' Meeting) pursuant to a predefined and public policy."

ITEM 8 ON THE AGENDA

Amendment of Article 11 of the *Regulations for the General Shareholders' Meeting* to provide for the engagement dividend

RESOLUTION

To amend Article 11 of the *Regulations for the General Shareholders' Meeting* to provide in said *Regulations* for the ability of the Board of Directors to implement financial incentives to encourage shareholder participation in the General Shareholders' Meeting, including the payment of an engagement dividend. Said Article 11 shall hereafter read as follows:

"Article 11. Methods of Holding the Meeting, Announcement of the Call to Meeting and Agenda

1. *The General Shareholders' Meeting may be held in any of the following ways:*
 - a) *In person only.*
 - b) *In person with the ability to attend remotely.*
 - c) *If there are reasons that make it advisable, and under the conditions provided by law and the Governance and Sustainability System, exclusively by remote means.*

2. *The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:*
 - a) *The Official Bulletin of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.*
 - b) *The website of the National Securities Market Commission (Comisión Nacional del Mercado de Valores).*
 - c) *The Company's corporate website.*
3. *The announcement of the call to meeting must contain all statements required by law in each case and must set forth:*
 - a) *The manner in which it will be held (in person only, in person with the ability to attend remotely, or exclusively by remote means).*
 - b) *The date, time and, if applicable, the place of the meeting on first call, and the agenda, with a statement of all matters to be dealt with.*
 - c) *A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders' Meeting, to submit well-founded proposed resolutions, or to exercise their rights to receive information, to cast an absentee vote and to grant a proxy, upon the terms provided by law.*
 - d) *The date on which the holders of the Company's shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called.*
 - e) *A statement of where and how the complete text of the documents to be submitted at the General Shareholders' Meeting can be obtained, particularly including the reports of the directors, of the statutory auditors and of the independent experts to be submitted, and the complete text of the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting.*
 - f) *Information regarding the steps and procedures to be followed in order to remotely attend the General Shareholders' Meeting (if remote attendance is provided for) which allows for the identification of the shareholders or their proxy representatives, the registration and preparation of the list of attendees, the correct exercise of the rights thereof and the proper conduct of the meeting.*
 - g) *The address of the Company's corporate website.*
 - h) *Any financial incentive for participation that the Board of Directors resolves to pay in accordance with the policy approved for such purpose (such as attendance bonuses or the payment of an engagement dividend subject to a specified minimum quorum being reached at the General Shareholders' Meeting).*

The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed on second call, if applicable.



4. *The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law."*

ITEM 9 ON THE AGENDA

Engagement dividend: approval and payment

RESOLUTION

To approve the payment, as a shareholder engagement dividend linked to participation in the General Meeting, of a cash dividend, to be charged to unrestricted reserves, of €0.005 (gross) per outstanding share of the Company, subject to the quorum for this General Shareholders' Meeting reaching 70% of the share capital of the Company and to the approval of item 7 on the agenda for this General Meeting (the "**Engagement Dividend**").

If the conditions established for the payment of the Engagement Dividend are fulfilled, payment thereof will be made as from 20 June 2022 to those with shares registered in their name in the book-entry registers of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) on 10 June 2022 (the "record date").

The withholding required by the legal provisions in effect at any given time shall be made from the gross amounts paid.

To delegate to the Board of Directors, with express power of substitution, the power to deem the condition precedent relating to the minimum quorum to which the Engagement Dividend is subject to have been met, and therefore to proceed with the payment thereof on the date set forth above if it finds that, even though the quorum of 70% of the Company's share capital for this General Shareholders' Meeting has not been met, the participation of the shareholders in these proceedings has been sufficient to consider, in its opinion, that the goals sought with this instrument to encourage the engagement of the shareholders in the life of the Company have been met, as well as to make all decisions and take all actions necessary or advisable for the payment of the Engagement Dividend, including, in particular and without limitation, setting the terms and conditions of the payment as to all matters not previously provided for, appointing the entity that is to act as payment agent, and signing the corresponding contract under the terms and conditions it deems appropriate, setting up the current accounts for this purpose, making the appropriate communications and notifications, and generally taking any other action necessary or advisable for the successful completion of the approved payment.

ITEM 10 ON THE AGENDA

Allocation of profits/losses and 2021 dividends: approval and supplementary payment that will be made within the framework of the "Iberdrola Retribución Flexible" optional dividend system

RESOLUTION

To approve the proposed allocation of profits/losses and payment of dividends for financial year 2021 formulated by the Board of Directors at its meeting held on 22 February 2022, which is described below:

To approve the payment, with a charge to the results for the financial year ended 31 December 2021 and to the balance from prior financial years, of a dividend in the aggregate gross amount equal to the sum of the following amounts (the “**Dividend**”):

- a) €353,189,951.67, which were paid on account of the dividend for financial year 2021 on 1 February 2022 to the holders of 2,077,587,951 shares of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) who elected to receive their remuneration in cash within the framework of the second implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2021 by collecting the amount of €0.170 (gross) per share (the total amount paid to said holders will be referred to as the “**Total Interim Dividend**”); and
- b) the determinable amount resulting from multiplying:
 - i. the gross amount per share to be paid by the Company as a supplementary dividend payment for financial year 2021 within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2022 (the “**Supplementary Dividend**”), and which will be as determined by the Company’s Board of Directors pursuant to the rules set forth in the section “Common terms and conditions of the dividend payment and increase in capital resolutions proposed under items 10, 11 and 12 on the agenda pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the “**Common Terms**”); by
 - ii. the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2022.

The amount of the Supplementary Dividend, and therefore the amount of the Dividend, cannot be determined as of the date of formulation of this proposed resolution.

For the purposes hereof, it is hereby noted that the payment of the Supplementary Dividend shall be made together with the implementation of the increase in capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item 11 on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Supplementary Dividend) or in newly-issued bonus shares of the Company (through said increase in capital).

The collection of the Supplementary Dividend provided for in this resolution is thus configured, in accordance with the provisions of the Common Terms, as one of the alternatives that a shareholder of Iberdrola can choose when receiving their remuneration within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2022. As a result of the foregoing, and as described below in the Common Terms, it shall be deemed that those shareholders choosing to receive their remuneration in cash through the Supplementary Dividend with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and therefore the ability to transfer them on the market or to receive newly-issued bonus shares corresponding to said free-of-charge allocation rights.

The distribution of the Supplementary Dividend, which is expected to become effective during the month of July 2022, shall be implemented through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR), the Board of Directors being hereby authorised to



establish the specific date for payment of the Supplementary Dividend, to designate the entity that is to act as paying agent and to take such other steps as may be required or appropriate for the successful completion of the distribution.

The Board of Directors is also delegated the power to set the conditions applicable to the payment of the Supplementary Dividend to the extent not provided for in this resolution, including the determination of the specific gross amount of the Supplementary Dividend subject to the aforementioned rules.

Finally, pursuant to the provisions of Section 249 *bis.l)* of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

The basis for distribution and the resulting proposed distribution (expressed in euros) is as follows:

BASIS FOR DISTRIBUTION:

Balance from prior financial years:	10,975,607,127
Profits for financial year 2021:	2,160,324,321
TOTAL:	13,135,931,448

DISTRIBUTION:

To Dividend:	Amount pending determination which will result from adding: (a) the Total Interim Dividend; and (b) the product resulting from multiplying the Supplementary Dividend by the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2022.
To remainder:	Determinable amount that will result from subtracting the amount allocated to the Dividend from the total basis for distribution.

TOTAL:	13,135,931,448
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On the date that the Board of Directors (or the body acting by delegation therefrom) decides to implement the increase in capital that is being submitted for approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda (and therefore, to commence the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2022), the minimum amount of the Supplementary Dividend shall be announced. The final amount of the Supplementary Dividend shall be communicated as

soon as the Board of Directors (or the body acting by delegation therefrom) determines it in accordance with the provisions of the Common Terms. Furthermore, once the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2022 is completed, the Board of Directors (with express power of substitution) shall proceed to specify the aforementioned proposed distribution, determining the final amount of the Dividend and the amount to be allocated to remainder.

The Common Terms include a sample calculation of the Supplementary Dividend, among other figures relating to the implementation of the increase in capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda.

ITEM 11 ON THE AGENDA

First increase in capital by means of a scrip issue at a maximum reference market value of €1,880 million in order to implement the “Iberdrola Retribución Flexible” optional dividend system

RESOLUTION

To increase the share capital of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) upon the terms and conditions described in the section below, entitled “Common terms and conditions of the dividend payment and increase in capital resolutions proposed under items 10, 11 and 12 on the agenda, pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the “**Common Terms**”), at a maximum reference market value of €1,880 million for the shares to be issued in implementation of said increase.

The increase in capital shall be implemented together with the supplementary payment of the dividend submitted for approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (receiving said supplementary payment of the dividend) or in newly-issued bonus shares of the Company (through the increase in capital). The delivery of bonus shares issued within the context of the increase in capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.

Pursuant to the provisions of Section 297.1.a) of the *Companies Act*, to delegate to the Board of Directors the power to set the date on which the increase in capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of Section 249 bis.l) of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

This increase in capital is expected to be implemented together with the supplementary payment of the dividend contemplated in item 10 on the agenda during the month of July 2022.



ITEM 12 ON THE AGENDA

Second increase in capital by means of a scrip issue at a maximum reference market value of €1,350 million in order to implement the “Iberdrola Retribución Flexible” optional dividend system

RESOLUTION

To increase the share capital of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) upon the terms and conditions described in the section below, entitled “Common terms and conditions of the dividend payment and increase in capital resolutions proposed under items 10, 11 and 12 on the agenda, pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the “**Common Terms**”), at a maximum reference market value of €1,350 million for the shares to be issued in implementation of said increase.

The increase in capital is expected to be implemented together with the payment of the interim dividend amount for financial year 2022, if any, to be approved by the Company’s Board of Directors (the “**Interim Dividend**”) in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Interim Dividend) or in newly-issued bonus shares of the Company (through the increase in capital). The delivery of bonus shares issued within the context of the increase in capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.

Pursuant to the provisions of Section 297.1.a) of the *Companies Act*, to delegate to the Board of Directors the power to set the date on which the increase in capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of Section 249 bis.l) of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

This increase in capital is expected to be implemented together with the Interim Dividend payment during the month of January 2023.

COMMON TERMS AND CONDITIONS OF THE DIVIDEND PAYMENT AND INCREASE IN CAPITAL RESOLUTIONS PROPOSED UNDER ITEMS 10, 11 AND 12 ON THE AGENDA, BY VIRTUE OF WHICH THE “IBERDROLA RETRIBUCIÓN FLEXIBLE” OPTIONAL DIVIDEND SYSTEM IS IMPLEMENTED

1. Main characteristics of the “Iberdrola Retribución Flexible” optional dividend system

The purpose of the resolutions for the allocation of profits/losses and dividend payment and of the increase in capital resolutions proposed under items 10, 11 and 12 on the agenda is to implement the “Iberdrola Retribución Flexible” optional dividend system pursuant to which the shareholders of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) are offered the ability to receive their remuneration in cash or in newly-issued bonus shares.

For this purpose, there shall be two implementations of said optional dividend system in each of which dividend payments shall be made (the “**Dividend Payments**”, and individually, a “**Dividend Payment**”) along with the implementations of the increases in capital (the “**Increases in Capital**”, and individually, an “**Increase in Capital**”) submitted

for approval of the shareholders at the General Shareholders' Meeting under items number 11 and 12 on the agenda:

- (i) The first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2022, which is expected to take place during the month of July 2022 (the “**First Implementation**”), shall be carried out through the supplementary payment of the dividend for financial year 2021 contemplated in item 10 on the agenda (the “**Supplementary Dividend**”) together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda.
- (ii) The second implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2022, which is expected to take place during the month of January 2023 (the “**Second Implementation**”, and collectively with the First Implementation, the “**Implementations**” and each of the Implementations, individually, an “**Implementation**”), shall be carried out through the payment of an interim amount of the dividend for financial year 2022 (the “**Interim Dividend**”) to be approved, if appropriate, by the Board of Directors pursuant to the provisions of section 2.2 below, together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 12 on the agenda.

The Supplementary Dividend and the Interim Dividend shall hereinafter be referred to collectively as the “**Dividends**” and each of them individually as a “**Dividend**”.

In each of the Implementations, the shareholders may choose from among the following options for remuneration upon the terms and conditions established by the Board of Directors (with express power of substitution):

- (a) Receiving their remuneration in cash by collecting the Dividend in question (whether with respect to all of their shares or a portion thereof), for which purpose the shareholders shall be required to make an express election in this regard.
- (b) Receiving their remuneration in newly-issued bonus shares of the Company. To this end, shareholders must refrain from transferring their free-of-charge allocation rights on the market. In this case, upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital, the shareholders shall receive such number of new shares (as they are proportionately entitled to receive), entirely as bonus shares.
- (c) Transferring all or part of their free-of-charge allocation rights on the market during the trading period pursuant to the provisions of section 5 below. In this case, the consideration for such rights will depend on market conditions in general and on the listing price of such rights in particular.

The final amount of each of the Dividend Payments and of each of the Increases in Capital shall be determined by the Company's Board of Directors (or the body acting by delegation therefrom) within the context of each of the Implementations and pursuant to the provisions of the sections below.

Within the year following the date of approval of the resolutions included in items 11 and 12 on the agenda, each of the Implementations may be made by the Board of Directors (with express power of substitution) at its sole discretion, and therefore without having to once again obtain the approval of the shareholders at a General Shareholders' Meeting, and



based on the legal and financial conditions existing at the time of each of the Implementations, in order to offer the Company's shareholders a flexible and efficient remuneration formula.

The shareholders may only elect remuneration option (a) above (i.e. receiving the Dividend in question) during the "**Common Election Period**". The Common Election Period will begin on the same day as the trading period for the free-of-charge allocation rights, and the Board of Directors (with express power of substitution) must establish the specific term of the Common Election Period, which may in no event exceed the term of said trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the aforementioned ability to combine options will only be possible with respect to different groups of shares.

As described below (see section 3 below), if the requirements of Section 277 of the *Companies Act* to pay the Interim Dividend are not met within the framework of the Second Implementation, the Company shall make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital at a guaranteed fixed price upon the terms and conditions described below (the "**Purchase Commitment**" and the "**Fixed Purchase Price**", respectively). In this case, the shareholders may monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price and thus receive a cash amount equal to the one that the Company would have paid as an Interim Dividend.

Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holders of free-of-charge allocation rights to communicate to the entities with which their rights are deposited their preferences regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. Iberdrola assumes no liability for any failure to adhere to this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or accepting them after the passage of said period, or for any other reason), such that any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

2. Amount of the Dividends

2.1. Gross amount per share to be paid to the shareholders as a Supplementary Dividend in the First Implementation

The gross amount to be paid to the shareholders as a Supplementary Dividend for each share of Iberdrola with the right to receive it shall be determined within the context of the First Implementation by the Board of Directors (with express power of substitution), subject to the terms and conditions set forth in item 10 on the agenda and in this section (the "**Supplementary Dividend**"). The amount of the

Supplementary Dividend shall be calculated in accordance with the terms set forth in this section.

During the Common Election Period for the First Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Supplementary Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Supplementary Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

After the Common Election Period for the First Implementation has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the First Implementation (equal to the final amount of the Supplementary Dividend) and shall make payment thereof through the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR), the Board of Directors being hereby authorised for such purpose (with express power of substitution) to establish the specific date on which the Dividend Payment should occur, to designate the entity that is to act as paying agent, and to take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the First Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on payment of the Supplementary Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.

Moreover, after calculating the aggregate gross amount of the Supplementary Dividend, the aggregate total amount paid as a dividend with a charge to the results for the financial year ended 31 December 2021 pursuant to the provisions of item 10 on the agenda shall be determined and, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder shall be specified, and the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2021 shall be completed.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Supplementary Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may receive the newly-issued bonus shares of the Company to which they are entitled.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Supplementary Dividend.



2.2. Gross amount per share to be paid to the shareholders as an Interim Dividend in the Second Implementation

The gross amount to be paid as an Interim Dividend, if any, for each share of Iberdrola with the right to receive it shall be as determined by the Board of Directors pursuant to the corresponding resolution to be adopted prior to 31 December 2022 and pursuant to the provisions of Section 277 of the *Companies Act* (the “**Interim Dividend**”).

During the Common Election Period for the Second Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Interim Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Interim Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

After the Common Election Period for the Second Implementation has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the Second Implementation and shall make payment thereof through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR). To this end, the Board of Directors (with express power of substitution) shall establish the specific date on which the Dividend Payment should occur, shall designate the entity that is to act as paying agent, and shall take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the Second Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on payment of the Interim Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Interim Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Without prejudice to the foregoing, if the requirements of Section 277 of the *Companies Act* are not met within the framework of the Second Implementation in order to pay the Interim Dividend, the Company shall make the Purchase Commitment in order for the shareholders to be able to monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price upon the terms and conditions described in section 3 below.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Interim Dividend.

3. Purchase Commitment within the framework of the Second Implementation

If the requirements of Section 277 of the *Companies Act* are not met to pay the Interim Dividend within the framework of the Second Implementation, the Company shall make the Purchase Commitment upon the terms described in this section in order to ensure that the shareholders can receive all or part of their remuneration in cash.

As soon as the Company verifies that the requirements of Section 277 of the *Companies Act* are not met, it shall communicate this circumstance to the market.

The Fixed Purchase Price shall be calculated by applying the formula used to determine the Interim Dividend (see section 4.1 below), such that the amount that would be received by shareholders choosing this option would be equal to the amount they would have received if it had been possible to pay the Interim Dividend. The Fixed Purchase Price shall be calculated prior to the commencement of the trading period for the free-of-charge allocation rights of the second Increase in Capital and shall be published as soon as it has been determined.

The Purchase Commitment assumed by the Company shall cover the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to enforce the Purchase Commitment or, therefore, to receive the Fixed Purchase Price. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

The Purchase Commitment shall be in effect and may be accepted during such term as is established for these purposes by the Board of Directors (with express power of substitution), and which must in any case be included within the trading period for the free-of-charge allocation rights.

For these purposes, the Company is authorised to acquire said free-of-charge allocation rights, with a maximum limit of all rights issued in relation to the second Increase in Capital, but must in any case comply with applicable legal restrictions from time to time in effect.

The acquisition by the Company of the free-of-charge allocation rights as a result of the Purchase Commitment shall be carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*.

The Company shall waive the new shares corresponding to the free-of-charge allocation rights that it has acquired by application of the Purchase Commitment. In such an event, pursuant to the provisions of Section 311 of the *Companies Act*, there will be an incomplete allocation of the Increase in Capital corresponding to the Second Implementation, and the share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived.



4. Common characteristics of the Increases in Capital

The amount of each of the Increases in Capital shall be the amount resulting from multiplying: (a) the nominal value of each share of the Company, equal to seventy-five euro cents, by (b) the total determinable number of new shares of the Company to be issued, in accordance with the formula set forth in Section 4.1 below, on the date of each of the Implementations (the new shares of the Company issued by way of implementation of each of the Increases in Capital shall be collectively referred to as the “**New Shares**”, and each one, individually, as a “**New Share**”).

Both Increases in Capital shall be carried out, if at all, by means of the issuance and flotation, on their respective dates of Implementation, of the New Shares, which shall be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*. When implementing each of the Increases in Capital, the Board of Directors (with express power of substitution) shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

The New Shares shall be issued at par, i.e. at their nominal value of seventy-five euro cents, without a share premium, and shall be allocated without charge to the shareholders of the Company who have opted for this remuneration alternative.

Pursuant to the provisions of Section 311 of the *Companies Act*, the possibility of an incomplete allocation of the Increases in Capital is contemplated in the event that the Company, a company within its group, a shareholder or a third party waives all or part of the free-of-charge allocation rights to which they are entitled at the time of implementation of each of the Increases in Capital, for which reason, in the event of such waiver, the share capital shall be increased by the corresponding amount. For these purposes, it shall be deemed that those who have chosen to receive their remuneration in cash by means of collecting the Dividend in question with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares, upon the terms and conditions set forth herein.

4.1 New Shares to be issued in each of the Increases in Capital

The maximum number of New Shares to be issued in each of the Increases in Capital shall be the number resulting from the application of the following formula, with the resulting number being rounded to the next lower integer:

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where:

NNS = Maximum number of New Shares to be issued within the framework of the relevant Increase in Capital;

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors (with express power of substitution) resolves to implement the relevant Increase in Capital. In this regard, those shares of Iberdrola that have previously been redeemed by virtue of the implementation of the resolution approving the

reduction in share capital by means of the redemption of own shares submitted to the shareholders for approval at the General Shareholders' Meeting under item 13 on the agenda, even if the corresponding public instrument formalising the reduction in share capital has not been executed or is pending registration with the Commercial Registry, shall not be deemed to be outstanding shares of the Company; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one New Share within the framework of the relevant Increase in Capital, which number will result from the application of the following formula, with the resulting number being rounded to the next higher integer:

Num. rights = TNShrs. / Provisional number of shares

where:

Provisional number of shares = Amount of the Option / ListPri.

For these purposes, "**Amount of the Option**" shall mean the maximum reference market value of the relevant Increase in Capital to be set by the Board of Directors (with express power of substitution) and which shall not be greater than the amount referred to in the proposed increase in capital resolutions submitted for the approval of the shareholders at the General Shareholders' Meeting under items 11 and 12 on the agenda (i.e. €1,880 and €1,350 million, respectively).

For its part, "**ListPri**" shall be the arithmetic mean of the average weighted listing prices of the Company's shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market) during the five trading sessions prior to the relevant resolution adopted by the Board of Directors (with express power of substitution) which determines the number of free-of-charge allocation rights needed for the allocation of one New Share in the relevant Increase in Capital, rounded to the closest one-thousandth part of one euro.

The maximum number of new shares to be issued thus calculated shall be rounded as required to obtain a whole number of shares (with the result being rounded to the next lower integer) and a ratio for the conversion of rights into shares that is also an integer (with the result being rounded to the next higher integer). In addition, and for the same purposes, the Company (or any entity within its group that holds shares of the Company) shall waive the corresponding free-of-charge allocation rights as provided in section 4.2 below.

Furthermore, the gross amount per share of the Dividend in question, or if the requirements of Section 277 of the *Companies Act* are not met in the Second Implementation, the Fixed Purchase Price per free-of-charge allocation right will be that which results from the application of the following formula, rounding the result to the closest one-thousandth part of one euro:

Dividend (or, if applicable, Fixed Purchase Price) = ListPri / (Num. rights + 1)



4.2 Free-of-charge allocation rights

In each of the Increases in Capital, each outstanding share of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.) shall grant its holder one free-of-charge allocation right.

The number of free-of-charge allocation rights required to receive one New Share in each of the Increases in Capital shall be automatically determined according to the ratio existing between the number of outstanding shares of the Company on the date of Implementation of the relevant Increase in Capital (TNShrs.) and the provisional number of New Shares, calculated by using the formula contained in section 4.1 above. Specifically, the holders of free-of-charge allocation rights shall be entitled to receive one New Share for the number of free-of-charge allocation rights held by them, which shall be determined as provided in section 4.1 above (Num. rights).

In the event that the number of free-of-charge allocation rights required for the allocation of one New Share (Num. rights) multiplied by the number of New Shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.), the Company (or such entity within its group, if any, as holds shares of the Company) shall waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares be a whole number and not a fraction.

The free-of-charge allocation rights shall be allocated to those who are registered as being entitled thereto in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. In this regard, Iberdrola will waive the free-of-charge allocation rights corresponding to the shares of the Company that have been redeemed prior to the date of Implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) because the corresponding public instrument formalising the implementation of the resolution on the reduction in capital, the approval of which is submitted to the shareholders at the General Shareholders' Meeting under item 13 on the Agenda, has not yet been executed or is still pending registration.

The free-of-charge allocation rights shall be transferable upon the same terms as the shares from which they derive. The free-of-charge allocation rights may be traded on the market during such term as is established by the Board of Directors (with express power of substitution) in implementing the relevant Increase in Capital, which term shall not be less than fourteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares. Notwithstanding the foregoing, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring party the right to choose to receive the corresponding Dividend (or, if applicable, to enforce the Purchase Commitment and receive the Fixed Purchase Price). Therefore, the new holders of these free-of-charge allocation rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for

this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Therefore, during the trading period for the free-of-charge allocation rights, subject to any other terms and conditions established by the Board of Directors (with express power of substitution), the holders of free-of-charge allocation rights may choose between:

- (a) receiving their remuneration in New Shares, in which case, at the end of the period for trading the free-of-charge allocation rights, they shall be allocated the New Shares to which they are entitled pursuant to the terms and conditions of the implementation of the Increase in Capital in question;
- (b) transferring all or part of their free-of-charge allocation rights on the market, in which case the consideration that the holders of the free-of-charge allocation rights will receive for the sale thereof will depend on market conditions in general and on the listing price of said rights in particular; or
- (c) only during the Common Election Period determined by the Board of Directors (with express power of substitution), receiving their remuneration in cash by collecting the corresponding Dividend (or, if applicable, by collecting the Fixed Purchase Price), for which purpose the shareholders shall be required to make an express election in this regard. The shareholders may choose to receive their cash remuneration with respect to all or part of their shares.

In this case, it shall be deemed that those choosing to receive their remuneration in cash with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and the ability to transfer them on the market. To this end, the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) will block said free-of-charge allocation rights, which may not be transferred on the market and which shall automatically expire at the end of the trading period, without the holders thereof being entitled to receive New Shares.

As mentioned above, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring parties the right to choose to receive the Dividend (nor, if applicable, the Fixed Purchase Price). Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.



Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holders of free-of-charge allocation rights to communicate to the entities with which their rights are deposited their preferences regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. Iberdrola assumes no liability for any failure to adhere to this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or accepting them after the passage of said period, or for any other reason), such that any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

4.3 Balance sheet for the transaction and reserve with a charge to which the Increases in Capital are carried out

The balance sheet used as a basis for the two Increases in Capital is the one for the financial year ended 31 December 2021, duly audited and submitted to the shareholders for approval at this General Shareholders' Meeting under item 1 on the agenda.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*. When implementing each of the Increases in Capital, the Board of Directors (with express power of substitution) shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

4.4 Representation of the New Shares

The New Shares will be represented by book entries, the book-entry registration of which is entrusted to "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) and its participants.

4.5 Rights attaching to the New Shares

As from the date on which the relevant Increase in Capital is declared to be subscribed and paid up, the New Shares shall grant the holders thereof the same financial, voting and like rights as the ordinary shares of the Company then outstanding.

4.6 Shares on deposit

Once the period for trading the free-of-charge allocation rights during each of the Increases in Capital has ended, the New Shares that could not be allocated for reasons not attributable to the Company shall be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three years have passed from the end of each of the periods for trading the free-of-charge allocation rights, the New Shares issued by virtue of the relevant Increase in Capital that are still pending allocation may be sold in accordance with the provisions of Section 117 of the *Companies Act*, at the expense

and peril of the interested parties. The cash amount from such sale shall be deposited with Banco de España or with Caja General de Depósitos at the disposal of the interested parties.

4.7 Application for admission to trading

The Company shall make application for trading the New Shares to be issued as a consequence of each of the Increases in Capital on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), and shall carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to trading of the New Shares issued as a result of each of the approved Increases in Capital, with an express statement for the record of the Company's submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued trading and removal from trading on official markets.

Any subsequent request for removal from trading of the shares of the Company shall be adopted with the same formalities as those that apply to the application for trading and, in such event, the interests of the shareholders opposing or not voting on the resolution to remove shall be safeguarded, in compliance with the requirements set out by applicable law at such time.

5. Application of the “Iberdrola Retribución Flexible” optional dividend system. Implementations

Within a period of one year from the date of approval of this resolution, the Board of Directors (with express power of substitution) may set the date on which each of the Implementations must be carried out and set the terms and conditions thereof as to all matters not provided for in this resolution (including, in particular, the Amount of the Option corresponding to each of the Implementations and the Supplementary Dividend).

Furthermore, it is expected that prior to 31 December 2022, the Board of Directors will determine the Interim Dividend to be paid for purposes of the Second Implementation as well as the other conditions applicable to the Interim Dividend, pursuant to the provisions of Section 277 of the *Companies Act*. To this end, and in accordance with the provisions of Section 161 of the *Companies Act*, the shareholders acting at this General Shareholders' Meeting hereby instruct the Board of Directors, if the requirements established in Section 277 of the *Companies Act* are met, to approve the payment of the Interim Dividend and set the terms and conditions applicable to the corresponding Dividend Payment, all in order to carry out the Second Implementation.

Notwithstanding the foregoing, if the Board of Directors (with express power of substitution) does not deem it advisable to carry out one or both Implementations, in whole or in part, within the aforementioned period, it may refrain from doing so, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting.

Specifically, the Board of Directors (with express power of substitution) shall analyse and take into account the market conditions, the circumstances of the Company itself or those deriving from an event that has social or financial significance for the Company, and if these or other factors make it inadvisable, in its opinion, to carry out one or both Implementations, it may refrain from doing so. In addition, the resolutions of the shareholders at this General Shareholders' Meeting relating to the Supplementary Dividend and to the Increases in



Capital shall be deprived of any and all effect in the event that the Board of Directors does not exercise the powers delegated thereto or, in the case of the Second Implementation, does not approve the payment of the Interim Dividend or honour the Purchase Commitment, within a period of one year from approval of the resolutions.

Once the period for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital has ended, the following shall apply:

- (a) The New Shares shall be allocated to those who, according to the book-entry records maintained by “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) and its participants, are the holders of free-of-charge allocation rights in the proportion resulting from section 4 above due to not having waived them upon the terms set forth above.
- (b) The period for trading the free-of-charge allocation rights shall be declared to have ended and the appropriation of the account(s) with a charge to which the relevant Increase in Capital will be implemented shall be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.
- (c) The Company shall pay the Supplementary Dividend or the Interim Dividend (or, if the requirements of Section 277 of the *Companies Act* are not met within the framework of the Second Implementation, the Fixed Purchase Price), as applicable, to the shareholders that have expressly chosen this remuneration option within the period and subject to the terms and conditions determined for these purposes by the Board of Directors (with express power of substitution), pursuant to the provisions of section 2 above.

Likewise, once each of the periods for trading the free-of-charge allocation rights has ended, the Board of Directors (with express power of substitution) shall adopt the resolutions required to amend the *By-Laws* so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the relevant Increase in Capital, and to make application for trading of the resulting New Shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market).

6. Delegation to carry out each of the Implementations

In particular, and by way of example only, the following powers are delegated to the Board of Directors (with express power of substitution):

- (a) To set the date on which each of the Implementations must be carried out, which shall in any case be within a period of one year from the approval of this resolution, and to determine the specific schedule for each of the Implementations.
- (b) As regards each of the Implementations, to set the Amount of the Option, the amount of the Supplementary Dividend (in the case of the First Implementation), the number of New Shares and the number of free-of-charge allocation rights necessary for the allocation of one New Share, applying the rules established by this resolution for such purpose.
- (c) To determine the reserve(s), among those contemplated in this resolution, with a charge to which each of the Increases in Capital will be implemented.

- (d) To designate the company or companies that will assume the duties of agent and/or financial adviser in connection with each of the Implementations, and sign all required contracts and documents for such purpose. In particular, to appoint the entity that must act as paying agent in each of the Dividend Payments.
- (e) To set the duration of the periods for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital.
- (f) As regards each of the Implementations, to set the specific duration of the Common Election Period and the terms and conditions under which the shareholders may state their preferences regarding the receipt of their remuneration (in cash or in New Shares).
- (g) After the Common Election Period for each Implementation has ended, to determine the aggregate gross amount in euros corresponding to the Dividend Payment in question and to make payment thereof through the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR).
- (h) To declare the Increases in Capital to be closed and implemented, for such purpose setting the number of New Shares actually allocated in each of them, and therefore the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting, as well as declare, if applicable, the existence of an incomplete allocation of each of the Increases in Capital.
- (i) To rescind the resolution on payment of the corresponding Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive New Shares.
- (j) In the case of the First Implementation, to determine the aggregate total amount to be paid as a dividend with a charge to the results for the financial year ended 31 December 2021 pursuant to the provisions of item 10 on the agenda (i.e. the final amount of the Supplementary Dividend), to specify, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2021.
- (k) In the case of the First Implementation and if the Board of Directors, with express power of substitution, does not deem it appropriate to implement the First Implementation, in whole or in part, during said period, to determine the aggregate total amount that has been paid as a dividend with a charge to the results for the financial year ended 31 December 2021 (which shall be equal to the total amount paid on account of the dividend for said financial year), to specify the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2021.
- (l) To amend the article of the *By-Laws* setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the relevant Increase in Capital.



- (m) To waive, if appropriate, and in each of the Increases in Capital, free-of-charge allocation rights to subscribe New Shares for the sole purpose of facilitating that the number of New Shares be a whole number and not a fraction, as well as any free-of-charge allocation rights allocated to shares of the Company that have been redeemed prior to the date of implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) because the corresponding public instrument formalising the implementation of the resolution approving the reduction in capital, the approval of which is submitted to the shareholders at the General Shareholders' Meeting under item 13 on the agenda, has not yet been executed or is still pending registration.
- (n) If the Purchase Commitment must be honoured within the framework of the Second Implementation due to the requirements of Section 277 of the *Companies Act* for the payment of the Interim Dividend not having been met, to determine the acquisition by the Company of the corresponding free-of-charge allocation rights, set the period of time during which the Purchase Commitment will be in effect (within the limits established in the resolutions), honour the Purchase Commitment by paying the corresponding amounts to the shareholders who have accepted said commitment, waive the free-of-charge allocation rights owned by the Company at the end of the trading period of the Second Implementation as a result of the Purchase Commitment, and thus the New Shares corresponding to such rights, and take any other measures or actions needed to fully honour the Purchase Commitment.
- (o) To take all steps required for the New Shares to be included in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) and admitted to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges through the Automated Quotation System (Continuous Market) after each of the Increases in Capital.
- (p) To take any actions that are necessary or appropriate to implement and formalise each of the Increases in Capital before any Spanish or foreign public or private entities or agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.
- (q) To approve and implement such technical or other mechanisms as "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) and the IBERCLEAR participants may deem necessary or appropriate in order to make any corresponding payment on account.

7. Sample calculation relating to the First Implementation

Set out below, solely for purposes of facilitating an understanding of the application hereof, is a sample calculation, in the case of the First Implementation, of the maximum number of new shares to be issued in the increase in capital submitted for the approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda, of the maximum nominal value of such increase, of the number of free-of-charge allocation rights required for the allocation of one new share and of the Dividend (which in this First Implementation would be the Supplementary Dividend).

The results of these calculations are not representative of those that might ultimately be obtained, which, in the case of the First Implementation, will depend on the different variables used in the formulas (basically, the listing price of Iberdrola shares at that time (ListPri) and the Amount of the Option, as determined by the Board of Directors (with express power of substitution) in exercise of the power delegated by the shareholders at the General Shareholders' Meeting).

Solely for the purposes of this example:

- The Amount of the Option is €1,761 million.
- The TNShrs. is 6,240,000,000 ¹.
- A ListPri of €11.005 is assumed (solely for the purposes of this example, the listing price of the Iberdrola shares at the closing of the trading session of 4 May 2022 has been used as a reference).

Therefore:

Provisional number of shares = Amount of the Option / ListPri	$1,761,000,000 / 11.005 = 160,018,173.557474 = 160,018,173$ shares (rounded downwards)
Num. rights = TNShrs. / Provisional number of shares	$6,240,000,000 / 160,018,173 = 38.9955708343202000 = 39$ rights (rounded upwards)
NNS = TNShrs. / Num. rights	$6,240,000,000 / 39 = 160,000,000$ shares
Dividend = ListPri / (Num. rights + 1)	$11.005 / (39 + 1) = 0.27512500000000 = 0.275$ euro (rounded to the closest one-thousandth part of one euro)

Therefore:

- (i) The maximum number of shares to be issued in the First Implementation would be 160,000,000.
- (ii) The maximum nominal amount of the increase in capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda would be €120,000,000.00 (160,000,000 x 0.75).

¹ For purposes of this example, it is assumed that this would be the total number of shares of the Company outstanding after the implementation of the reduction in capital provided for in the resolution corresponding to item 13 on the agenda if it is implemented in the total maximum amount thereof (i.e. 6,240,000,000 outstanding shares of the Company).



- (iii) 39 free-of-charge allocation rights (or Old shares) would be necessary for the allocation of one new share².
- (iv) In this example, the Supplementary Dividend would be equal to 0.275 euro (gross) per share.

ITEM 13 ON THE AGENDA

Reduction in capital by means of the redemption of a maximum of 197,563,000 own shares (3.069% of the share capital)

RESOLUTION

1. **Reduction in capital by means of the redemption of both currently existing own shares held in treasury and of own shares to be acquired through the settlement of derivatives acquired prior to the date of formulation of this proposed resolution through a buy-back programme for the redemption thereof**

To reduce the share capital of IBERDROLA, S.A. (the “**Company**”) by the amount resulting from the sum of:

- i. €114,062,864.25 through the redemption of 152,083,819 currently existing own shares held in treasury after the close of the trading session on 9 May 2022, each with a nominal value of €0.75, acquired under the authorisation granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item number twelve on the agenda and within the limits established by Section 146 and related provisions and Section 509 of the *Companies Act* (the “**Existing Treasury Shares**”); and
- ii. the aggregate nominal value, up to the maximum amount of €34,109,385.75, of the own shares of the Company, each with a nominal value of €0.75, up to a limit of 45,479,181 own shares (the “**Overall Limit**”), that are acquired for their redemption both through the settlement, no later than 10 June 2022, of the derivatives acquired by the Company prior to 10 May 2022 (the “**Derivatives**”) and under the programme for the buy-back of up to 15 million own shares that will be in effect until no later than 10 June 2022 and that was approved by the Board of Directors on 10 May 2022 (the “**Buy-back Programme**”), under (a) the provisions of *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse* and of *Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures*; and (b) the aforementioned authorisation granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item number twelve on the agenda.

Consequently, the maximum amount of the reduction in capital (the “**Reduction in Capital**”) shall be €148,172,250, through the redemption of a maximum of 197,563,000 own shares,

² In this example, the Company (or an entity of its group that holds shares of the Company) would not be required to waive any free-of-charge allocation rights.

each with a nominal value of €0.75, representing not more than 3.069% of the share capital at the time this resolution is approved.

As set out below, the final amount of the Reduction in Capital will be set by the Company's Board of Directors (with express power of substitution) depending upon the final number of shares acquired both as a result of the settlement of the Derivatives and within the framework of the Buy-back Programme, provided they do not exceed the aforementioned Overall Limit. If the Overall Limit is exceeded, there will be a redemption of all of the shares acquired pursuant to the Buy-back Programme, as well as of the number of shares acquired as a result of the settlement of the Derivatives equal to the difference between the Overall Limit and the shares acquired in implementation of the Buy-back Programme. In this latter case, the remaining treasury shares acquired as a result of the settlement of the Derivatives will not be redeemed on occasion of the Reduction in Capital.

Once the Board of Directors (or the body acting by delegation therefrom) has determined the final amount of the Reduction in Capital, Article 10 of the *By-Laws* setting the share capital would be amended such that it reflects the new amount of share capital and the new number of outstanding shares.

2. Procedure for acquisition of the shares that will be redeemed under the Buy-back Programme

Without prejudice to the Existing Treasury Shares, and in accordance with the resolution approved by the Board of Directors at its meeting of 10 May 2022, the Company may, by way of implementation of the Buy-back Programme for all of the shareholders, acquire a maximum number of 15 million own shares for their redemption, each of such own shares having a nominal value of €0.75 and representing a maximum of 0.233% of the share capital of the Company on the date of approval of this resolution, which number is within the legal limit and the limit provided for in the authorisation for the acquisition of own shares granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item number twelve on the agenda.

As provided in the aforementioned resolution of the Board of Directors, the own shares shall be acquired subject to such terms as to price and volume as are established in Article 5 of *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse* and in Articles 2, 3 and 4 of *Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures*.

In accordance with the foregoing, pursuant to Section 340.3 of the *Companies Act*, if the Company fails to acquire the maximum number of 45,479,181 own shares, each with a nominal value of €0.75, both through the settlement, no later than 10 June 2022, of the Derivatives and under the Buy-back Programme, it shall be understood that the share capital is reduced by the sum of (i) the amount corresponding to the Existing Treasury Shares, and (ii) the amount corresponding to the sum of the shares effectively acquired within the framework of the Buy-back Programme and pursuant to the settlement of the Derivatives no later than 10 June 2022.



3. Procedure for the reduction and reserves with a charge to which it is carried out

Pursuant to the provisions of Section 342 of the *Companies Act*, the Reduction in Capital must be implemented within one month following the expiration of the Buy-back Programme.

The Reduction in Capital does not entail a return of contributions to the shareholders because the Company itself is the holder of the shares being redeemed, and it shall be carried out with a charge to unrestricted reserves by funding a redeemed capital reserve in an amount equal to the nominal value of the redeemed shares; such reserve may only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by Section 335 c) of the *Companies Act*.

Therefore, in accordance with the provisions of such section, creditors of the Company will not be entitled to assert the right of objection contemplated by Section 334 of the *Companies Act* in connection with the Reduction in Capital.

4. Ratification of the resolutions of the Board of Directors

To ratify the resolutions of the Board of Directors regarding the approval of the Buy-back Programme and the establishment of the terms and conditions thereof, including the determination of the maximum number of shares to be acquired within the framework and the effective period thereof, as well as to ratify the acts, statements and formalities carried out through the date hereof in connection with the public communication of the Buy-back Programme.

5. Delegation of powers

To delegate to the Board of Directors, with express power of substitution, the powers necessary to implement this resolution within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in this resolution or that are a consequence hereof. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

- (a) To modify the maximum number of shares that may be bought back by the Company, within the limits set in this resolution and by law, as well as any other terms and conditions of the Buy-back Programme, all in accordance with the provisions of *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse* and in *Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures*.
- (b) To perform any acts, make any statements or take any steps that may be required in connection with the public communication of the Buy-back Programme and with the formalities, if any, that must be carried out at Spanish regulatory agencies and Stock Exchanges; negotiate, agree to and sign all contracts, agreements, commitments or instructions that may be necessary or appropriate for the successful completion of the Buy-back Programme.

- (c) To cause all announcements required by law to be published, acquire the shares under the Buy-back Programme and redeem them within one month following the expiration of the Buy-back Programme, in accordance with the terms approved herein.
- (d) To declare the approved Reduction in Capital to be completed and implemented, establishing, for such purpose, the final number of shares that must be redeemed and, as a result, the amount by which the share capital of the Company must be reduced in accordance with the rules specified in this resolution.
- (e) To set the final amount of the Reduction in Capital based on the provisions of this resolution and establish any other terms that may be required to implement it, including, without limitation, the setting of the unrestricted reserves account that will be used to fund the redeemed capital reserve, all in accordance with the terms and conditions set forth above.
- (f) To amend Article 10 of the *By-Laws* setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the Reduction in Capital.
- (g) To take such steps and carry out such formalities as may be required and submit such documents as may be necessary to the competent bodies such that, once the shares of the Company have been redeemed and the notarial instrument for the Reduction in Capital has been executed and registered with the Commercial Registry, the redeemed shares are delisted from the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), and they are removed from the corresponding book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR).
- (h) To perform all acts that may be necessary or appropriate to implement and formalise the Reduction in Capital before any Spanish or foreign public or private entities and agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

Pursuant to the provisions of Section 249 *bis* l) of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

ITEM 14 ON THE AGENDA

Annual Director Remuneration Report 2021: consultative vote

RESOLUTION

To approve, on a consultative basis, the *Annual Director Remuneration Report* for financial year 2021.



ITEM 15 ON THE AGENDA

Re-election of Mr Anthony L. Gardner as an independent director

RESOLUTION

To re-elect Mr Anthony Luzzatto Gardner as a director, upon a proposal of the Appointments Committee, for the by-law mandated four-year term and with the classification of independent director.

ITEM 16 ON THE AGENDA

Ratification and re-election of Ms María Ángeles Alcalá Díaz as an independent director

RESOLUTION

To ratify the appointment of Ms María Ángeles Alcalá Díaz as a director (appointed on 26 October 2021 on an interim basis (co-option) by resolution adopted by the Board of Directors, upon a proposal of the Appointments Committee), and to re-elect her, also upon a proposal of the Appointments Committee, for the bylaw-mandated four-year term, with the classification of independent director.

ITEM 17 ON THE AGENDA

Ratification and re-election of Ms Isabel García Tejerina as an independent director

RESOLUTION

To ratify the appointment of Ms Isabel García Tejerina as a director (appointed 16 December 2021 on an interim basis (co-option) by resolution adopted by the Board of Directors, upon a proposal of the Appointments Committee), and to re-elect her, also upon a proposal of the Appointments Committee, for the bylaw-mandated four-year term, with the classification of independent director.

ITEM 18 ON THE AGENDA

Setting of the number of members of the Board of Directors at fourteen

RESOLUTION

To set the number of members of the Board of Directors at fourteen.

ITEM 19 ON THE AGENDA

Authorisation to acquire own shares

RESOLUTION

To expressly authorise the Board of Directors, with express power of substitution, pursuant to the provisions of Section 146 of the Companies Act, to carry out the derivative acquisition of shares of IBERDROLA, S.A. (the "**Company**") on the following terms:

- (a) Purchases may be made directly by the Company, or indirectly through its subsidiaries on the same terms of this resolution. Subsidiaries carrying out regulated activities pursuant to the provisions of Law 24/2013 of 26 December on the Electricity Industry and Law 34/1988 of 7 October on the Hydrocarbons Industry are excluded from this authorisation.
- (b) Purchases will be made using purchase/sale or swap transactions or any other means allowed by law.
- (c) Purchases may be made from time to time up to the maximum sum permitted by law.
- (d) Purchases may not be made at a higher price than that quoted on the stock exchange or at a price lower than the share's nominal value.
- (e) This authorisation is granted for a period of five years as from the adoption of this resolution.
- (f) As a result of the acquisition of shares, including those that the Company or the person acting in their own name but on behalf of the Company has previously acquired and holds in treasury, the resulting shareholders' equity cannot decrease to below the amount of the share capital plus the restricted reserves required under law or the by-laws, all as provided in letter b) of Section 146.1 of the *Companies Act*.

It is expressly stated for the record that the shares purchased as a result of this authorisation may be used for either transfer or redemption or may be applied to the remuneration systems provided for in the third paragraph of letter a) of Section 146.1 of the Companies Act, as well as for the development of programmes fostering the acquisition of interests in the Company's capital, such as, for example, dividend reinvestment plans, loyalty bonuses or similar instruments.

This resolution revokes and deprives of effect, to the extent of the unused amount, the authorisation for the derivative acquisition of own shares given to the Board of Directors by the shareholders acting at the General Shareholders' Meeting held on 13 April 2018.



ITEM 20 ON THE AGENDA

Delegation of powers to formalise and to convert the resolutions adopted into a public instrument

RESOLUTION

Without prejudice to the powers delegated in the preceding resolutions, to authorise the Board of Directors, the Executive Committee, the chairman & CEO, the secretary and the deputy secretaries of the Board of Directors of IBERDROLA, S.A., such that any of them, acting severally, may:

- (a) Formalise and convert into public instruments the resolutions adopted by the shareholders at this General Shareholders' Meeting, further developing, clarifying, specifying, interpreting, completing and correcting them, carrying out such acts or legal transactions as may be necessary or appropriate for the implementation thereof, execute such public or private documents as they deem necessary or appropriate for the full effectiveness thereof, and correct all omissions, defects or errors, whether substantive or otherwise, that might prevent the recording thereof with the Commercial Registry.
- (b) Approve or vote in favour of the approval of the annual financial information for the financial year ended 31 December 2021 of the country subholding companies and the other subsidiaries of IBERDROLA, S.A., which form part of the scope of consolidation of its annual financial statements.
- (c) Deposit with the Commercial Registry the separate annual financial statements of IBERDROLA, S.A. and the annual financial statements thereof consolidated with those of its subsidiaries, as well as the corresponding directors' and audit reports.
- (d) Deposit the *Statement of Non-Financial Information. Sustainability Report 2021* with the Commercial Registry as well as with the bodies it deems appropriate.
- (e) Manage the payment of the Engagement Dividend.
- (f) Implement the resolutions regarding shareholder remuneration referred to in items 10, 11 and 12 on the agenda, in accordance with the provisions of the *Shareholder Remuneration Policy*.
- (g) Implement the resolution regarding the reduction in capital referred to in item 13 on the agenda, in accordance with the provisions of the *Shareholder Remuneration Policy*.
- (h) Register with the Commercial Registry the resolutions regarding the composition of the Board of Directors referred to in items 15 to 18 on the agenda.
- (i) In accordance with the provisions of the Company's *Sustainable Management Policy*, obtain and become aware of the opinion and expectations of the shareholders and other Stakeholders affected by the General Shareholders' Meeting regarding the organisation of the event and, if applicable, identify opportunities for improvement for the holding of subsequent meetings.

- (j) Determine all other circumstances that may be required, adopt and implement the necessary resolutions, publish the notices and provide the guarantees that may be appropriate for the purposes established by law, as well as formalise the required documents, carry out all necessary proceedings and comply with all requirements under the law for the full effectiveness of the resolutions adopted by the shareholders at this General Shareholders' Meeting.
- (k) Delegate all or any of the powers enumerated in this resolution and those expressly granted thereto by the shareholders at this General Shareholders' Meeting in the resolutions adopted under the foregoing items on the agenda, to the extent allowed by law, to the persons they deem appropriate.

In Bilbao, on 10 May 2022

GENERAL SHAREHOLDERS' MEETING 17 June 2022



Report of the Board of Directors

Proposed amendments of the
By-Laws and of the
*Regulations for the General
Shareholders' Meeting*

REPORT PREPARED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED AMENDMENTS OF THE *BY-LAWS* AND OF THE *REGULATIONS FOR THE GENERAL SHAREHOLDERS' MEETING* INCLUDED IN ITEMS 6, 7 AND 8 ON THE AGENDA FOR THE 2022 GENERAL SHAREHOLDERS' MEETING

1. Object of the report

This report has been prepared by the Board of Directors of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) in order to provide a rationale for the proposed amendments of the *By-Laws* and of the *Regulations for the General Shareholders' Meeting* (the “**Regulations**”) included in items 6, 7 and 8 on the agenda.

The Board of Directors has prepared this report setting forth the purpose of and rationale for each of the aforementioned proposed amendments of the *By-Laws* and of the *Regulations*, attaching such proposed amendments below.

In addition, to help the shareholders compare the new text of the articles of the *By-Laws* and of the *Regulations* proposed to be amended and the text currently in effect, attached to this report as an annex is a verbatim transcription of both texts organised in a two-column table, for information purposes. The text contained in the right-hand column shows the changes proposed to be made to the current text, which is contained in the left-hand column.

2. Purpose of and rationale for the proposals

Iberdrola focuses the development of its corporate object and the conduct of all its business activities on the achievement of a purpose and a set of values of its own, which define its identity and corporate philosophy and which constitute and shape its *raison d'être* and way of being.

By formulating its purpose and values, accepting the mandate given by its shareholders by means of several consecutive by-law amendments, Iberdrola stands as a business reality which, without negating its status as such, transcends its nature as purely and merely a mercantile company and gives shape to a company whose purpose is not limited to the achievement of financial profits; rather, driven by its own and distinctive *raison d'être*, Iberdrola aspires to create sustainable business value, to achieve results and benefits that go beyond those merely financial in nature, capable of remunerating those who contribute their capital but also its other Stakeholders and the communities in which it is present, carrying out its activities by means of the “social dividend”, enshrined in the *By-Laws* and the other rules and policies making up its Governance and Sustainability System.

The amendment of the *By-Laws* and of the *Regulations* submitted to the shareholders for approval at the General Shareholders' Meeting is proof of the firm intention of the Board of Directors to further strengthen this particular *raison d'être* and way of being of Iberdrola and to continue shaping its fundamental rules such that they reflect the Company's commitment to its purpose and values, to the generation of the social dividend and to its shareholder engagement strategy.

Specifically, the proposed amendments seek:

- (i) to consolidate Iberdrola's commitment to its purpose and values and to the generation of the social dividend, revising the text of the Preamble to the *By-Laws* in order to include an express reference to the key substantive elements that shape the *Purpose*

and Values of the Iberdrola group and to further develop the concept of social dividend regulated in Article 7 of the *By-Laws*; and

- (ii) as part of its shareholder engagement strategy and, in particular, in order to find the most efficient formulas to maximise participation in General Shareholders’ Meetings, for the benefit of all shareholders, to expand the incentive systems by providing for the ability of the Board of Directors to implement financial incentives that encourage shareholder participation in the General Meeting, including the collection of an engagement dividend.

A detailed description of the rationale for the amendments affecting each of the articles of the *By-Laws* and of the *Regulations* is set forth in the sections below.

3. Amendment of the Preamble and of Article 7 of the *By-Laws* to strengthen Iberdrola’s commitment to its purpose and values and to the generation of the social dividend

Iberdrola conceives of the corporate interest, in its own and different way, as the common interest of all shareholders of an independent company, focused on the creation of shared sustainable value in accordance with and based on its purpose and distinctive values and the additional commitments assumed in its *Code of Ethics*.

This purpose and values drive Iberdrola and its group towards responsible and sustainable comprehensive business action (in the economic, social and governance areas) that contributes to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), that meets the ESG (Environmental, Social and Governance) requirements and that seeks to obtain benefits and the satisfaction of “dividends” that are also comprehensive, economically and socially, for all Stakeholders of the Company and for the communities in which it has a presence.

Thus conceived, the purpose and values shape Iberdrola and its group as a business reality that transcends its merely mercantile nature and which stands as an institutional undertaking that brings all of its specific Stakeholders into its enterprise, and which also becomes a part of society with a decided focus on engagement, commitment and leadership in the task of contributing to its progress and to its sustainable development.

Within this context, it is proposed to the shareholders at the General Shareholders’ Meeting to update the text of the Preamble to the *By-Laws* to reflect that the *Purpose and Values of the Iberdrola group* meet the most demanding standards in the area of environmental protection and climate action, social commitment, and corporate governance, and thus achieve full alignment thereof with book two on the Purpose of the Governance and Sustainability System.

In addition, in the same vein, it is proposed to amend Article 7 of the *By-Laws* to include the Company’s commitment to best environmental, social and corporate governance practices, as well as to make technical improvements to clarify the purpose and nature of the social dividend.

4. Amendment of Article 16 of the *By-Laws* and of Article 11 of the *Regulations for the General Shareholders’ Meeting* to provide for the engagement dividend

As a consequence of this special conception of Iberdrola’s corporate interest, its equity holders are not considered to be mere shareholders, but as participants that are identified

with the business enterprise pursued by the company in which they are present. They are therefore the holders of an investment focused on the achievement of sustainable profits over the long term, but which are also compatible with and result from the realisation of its purpose and the implementation of and respect for its values.

In fact, Iberdrola acted in advance of *Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement*, as it approved a *Shareholder Engagement Policy* much earlier than that, in February 2015.

Said policy seeks to ensure proactive two-way interaction between Iberdrola and its shareholders in order to encourage their effective and sustainable engagement in the life of the Company and cement a sense of belonging, by maintaining with them constructive, effective and ongoing dialogue helping to align their interests with those of the Company.

A very important part of this engagement strategy consists in encouraging the participation of Iberdrola's shareholders in its General Shareholders' Meeting, conceived as the main channel of shareholder participation in the life of the Company, in which all shareholders duly accredited as such are entitled to participate, without ownership of a minimum number of shares being required.

The Board of Directors quite positively values the participation of the shareholders in the General Shareholders' Meeting and takes their opinions into account in the performance of its duties with a view to the achievement of the corporate interest.

Specifically, shareholder participation in the General Shareholders' Meeting makes it possible to:

- (i) gain deeper knowledge of the shareholders' expectations;
- (ii) improve the alignment between the interests of the shareholders and those of the Company;
- (iii) make the most of the experience, know-how and initiatives that the shareholders may contribute to the Company and enrich decision-making processes; and
- (iv) continue to adopt best practices and recommendations in the area of corporate governance.

In particular, pursuant to the *Shareholder Engagement Policy*, the Board of Directors is tasked with encouraging the informed and responsible participation of the shareholders in the General Shareholders' Meeting in accordance with the provisions of the *Policy regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors*, and with promoting two-way interaction with the shareholders through the other channels for participation, in order to know their opinions and concerns and take them into account when designing the agenda, formulating proposed resolutions and deciding on other circumstances relating to the holding of the General Shareholders' Meeting.

Moreover, the Board of Directors actively encourages shareholder participation in the General Shareholders' Meeting and their ability to make presentations thereat, pursuant to the provisions of law and the Governance and Sustainability System.

One of the most notable examples of this effort to promote the participation of the largest possible number of shareholders in the General Shareholders' Meeting has been the traditional payment of the attendance bonus.

Iberdrola has used this mechanism to encourage shareholder engagement, to bring them closer to the life of the Company and to fight against what is known as shareholder absenteeism, specifically remunerating them for their participation in the General Shareholders' Meeting.

The Company has continuously used this tool in relation to the shareholders attending the meetings held from 2007 to 2020 (with this incentive not having been paid only at the General Shareholders' Meeting held in 2021, which, due to the COVID-19 pandemic, was held exclusively by remote means).

In recent years, these attendance bonuses have been paid pursuant to an attendance bonus payment policy that, in accordance with recommendation 11 of the *Good Governance Code of Listed Companies*, was implemented in order to exclude any potential risk of said incentive being used to achieve bogus purposes, to obtain the approval of a particular proposal or to defend against initiatives that might be advanced by third parties.

Along these lines, it should be noted that Iberdrola was the first company on the Ibex 35 to approve an attendance bonus payment policy that was public, specific and verifiable and which was available to the public on its corporate website (www.iberdrola.com), having been first included in the *General Corporate Governance Policy* and then in the *Shareholder Engagement Policy*.

Said policy specifically provides that the purpose of the attendance bonus is to encourage shareholder participation, and it establishes a number of safeguards to prevent the abuse thereof or its modification due to unjustified circumstances.

In practice, the payment of the attendance bonus has been very well received by the shareholders, making it possible for the Company to have very high participation levels between 2007 and 2020, which has quite positively contributed to enriching the quality of the proceedings at the General Shareholders' Meeting and, ultimately, to the success of the shareholder engagement strategy at the Company.

Seeing that the engagement culture of the Company's shareholders has reached a high level of maturity, and after an in-depth analysis of best international engagement practices, the Board of Directors believes it appropriate to modify the attendance bonus policy in order to allow for the implementation of new types of financial incentives for participation, optimising the effects thereof for the benefit of all the Company's shareholders.

The purpose thereof is not only to ensure that Iberdrola continues at the forefront in the implementation of best corporate government practices at the international level but also to maintain its leadership in the area of shareholder engagement, which is a hallmark of the Company and one of its genuinely distinctive features.

In view of all of the foregoing, the Board of Directors proposes the amendment of Article 16 of the *By-Laws* and Article 11 of the *Regulations for the General Shareholders' Meeting*, such that the references to the attendance bonus are replaced by a more generic reference to the ability to implement financial incentives to participate in General Shareholders' Meetings.

Said financial incentives would include not only the ability to continue implementing the traditional attendance bonus, but also other more innovative formulas like the payment of an engagement dividend subject to a minimum quorum being reached at the General Shareholders' Meeting, as is the one submitted for approval on this occasion under item 9 on the agenda, subject to approval of these amendments.

Thus, if this amendment is supported by the shareholders at the General Shareholders' Meeting, if the proposed resolutions under items 7 and 9 on the agenda are approved, and if the quorum at the General Shareholders' Meeting reaches or exceeds 70% of Iberdrola's share capital, the Company will implement, for the first time, a new financial incentive for shareholder participation, by paying an engagement dividend in the amount of €0.005 (gross) per share to all of shareholders with shares of Iberdrola registered in their name in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR on 10 June 2022 (the "record date")), whether or not they participate in the General Shareholders' Meeting.

With this new mechanism, it will be possible to continue to more efficiently achieve the objective of maximising the participation of all of the Company's shareholders and of further encouraging their engagement in the life of the Company, for the benefit of all of them.

On the one hand, because the manner in which the new engagement dividend will be implemented ensures that all shareholders will financially benefit from the incentive. As will those shareholders who, for any reason, have difficulties going to the place of the meeting, using new technologies to attend remotely, or granting their proxy or casting an absentee vote through the various mechanisms made available to them by the Company for such purpose.

And on the other hand, because this new formula ensures that the incentive will only be paid if the objective of reaching a minimum quorum is actually reached.

5. Proposed Resolutions Submitted to the Shareholders at the General Shareholders' Meeting

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting read as follows:

"ITEM 6 ON THE AGENDA

Amendment of the Preamble and of Article 7 of the By-Laws to strengthen Iberdrola's commitment to its purpose and values and to the generation of the social dividend

RESOLUTION

To amend the Preamble and Article 7 of the By-Laws to strengthen Iberdrola's commitment to its purpose and values and to the generation of the social dividend. The Preamble and Article 7 of the By-Laws shall hereafter read as follows:

"PREAMBLE

Pursuant to the corporate autonomy recognised by law, these By-Laws govern the corporate contract by which all shareholders of IBERDROLA, S.A. (the "Company") are bound upon acquiring such status.

Having been approved in accordance with applicable law by the shareholders acting at a General Shareholders' Meeting, which is the highest governing body through which shareholders express their contractual will, they go far beyond the minimum requirements established by law and even the typical text of the by-laws of listed companies.

Along these lines, the preliminary title hereof first defines the fundamental pillars of the Company as an independent entity of an open nature, the holding company of an international industrial group that combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the Company's group, all on the basis of an effective system of checks and balances that prevents the centralisation of management power within a single governance body or a single person.

The provisions of the By-Laws regarding the corporate object, the purpose and values, and the corporate interest and social dividend, beyond the corporate aspects highlighted above, give shape to an electric power company focused on a clear "purpose" and certain clear "values" that make up its corporate philosophy and its ideological and axiological bases on which its corporate enterprise is based; thus they portray an integral company, which transcends its nature as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations and the most demanding environmental, social commitment and good governance (ESG) requirements, and ultimately distinguish it as a company and institutional reality, a player in the economic and social environment in which it does business.

In the case of the Company, the By-Laws thereof define and ultimately constitute the foundation on which is built and based the Governance and Sustainability System, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its raison d'être and way of being, the construction of its identity, the achievement and implementation of the Purpose and Values of the Iberdrola group, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the social dividend that it shares with all of its Stakeholders.

In turn, the Purpose and Values of the Iberdrola group meet the most demanding standards in the areas of environmental protection and climate action, social commitment, and corporate governance, within the general framework of respect for and protection of human rights, the social market economy, and the ethical principles generally accepted in its sphere of activity.

The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the Purpose and Values of the Iberdrola group, ensures the assembly and coordination of all its Stakeholders within a company made up of them, and ultimately directs and supports the driving action of the Company as an enterprise and institutional reality in the communities of which it is a part and in today's globalised society as a whole.

To the extent applicable thereto, the By-Laws and the other provisions of the Company's Governance and Sustainability System bind its shareholders, the members of the Board of Directors and of senior management, and the other professionals of the Company and its group, as well as, generally, any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith."

“Article 7. Social Dividend

1. *The performance of the activities included in the corporate object, particularly the Company’s innovation and digital transformation strategy, must be focused on the sustainable creation of value, in accordance with the Purpose and Values of the Iberdrola group and with the commitments made in its Code of Ethics.*
2. *The Company recognises and seeks to obtain a social dividend consisting of the direct, indirect or induced contribution of value of its activities for all Stakeholders, particularly through its contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations and its commitment to best environmental, social and corporate governance (ESG) practices.*
3. *The statement of non-financial information formulated by the Board of Directors and approved by the shareholders at the General Shareholders’ Meeting presents the Company’s performance in the social, environmental and sustainability areas, as well as the social dividend generated and shared with its Stakeholders.*
4. *The Company shall promote the public dissemination of its non-financial information and of the social dividend generated, especially among its Stakeholders.”*

“ITEM 7 ON THE AGENDA**Amendment of Article 16 of the By-Laws to provide for the engagement dividend****RESOLUTION**

To amend Article 16 of the By-Laws to provide for the ability of the Board of Directors to implement financial incentives to encourage shareholder participation in the General Shareholders’ Meeting, including the payment of an engagement dividend. Said Article 16 of the By-Laws shall hereafter read as follows:

“Article 16. Shareholder Participation

The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders’ Meeting, including, if appropriate, the payment of financial incentives for participation (such as attendance bonuses or the payment of an engagement dividend subject to a specified minimum quorum being reached at the General Shareholders’ Meeting) pursuant to a predefined and public policy.”

“ITEM 8 ON THE AGENDA**Amendment of Article 11 of the Regulations for the General Shareholders’ Meeting to provide for the engagement dividend****RESOLUTION**

To amend Article 11 of the Regulations for the General Shareholders’ Meeting to provide in said Regulations for the ability of the Board of Directors to implement financial incentives to encourage shareholder participation in the General Shareholders’ Meeting, including the payment of an engagement dividend. Said Article 11 shall hereafter read as follows:

“Article 11. Methods of Holding the Meeting, Announcement of the Call to Meeting and Agenda

1. *The General Shareholders' Meeting may be held in any of the following ways:*
 - a) *In person only.*
 - b) *In person with the ability to attend remotely.*
 - c) *If there are reasons that make it advisable, and under the conditions provided by law and the Governance and Sustainability System, exclusively by remote means.*
2. *The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:*
 - a) *The Official Bulletin of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.*
 - b) *The website of the National Securities Market Commission (Comisión Nacional del Mercado de Valores).*
 - c) *The Company's corporate website.*
3. *The announcement of the call to meeting must contain all statements required by law in each case and must set forth:*
 - a) *The manner in which it will be held (in person only, in person with the ability to attend remotely, or exclusively by remote means).*
 - b) *The date, time and, if applicable, the place of the meeting on first call, and the agenda, with a statement of all matters to be dealt with.*
 - c) *A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders' Meeting, to submit well-founded proposed resolutions, or to exercise their rights to receive information, to cast an absentee vote and to grant a proxy, upon the terms provided by law.*
 - d) *The date on which the holders of the Company's shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called.*
 - e) *A statement of where and how the complete text of the documents to be submitted at the General Shareholders' Meeting can be obtained, particularly including the reports of the directors, of the statutory auditors and of the independent experts to be submitted, and the complete text of the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting.*
 - f) *Information regarding the steps and procedures to be followed in order to remotely attend the General Shareholders' Meeting (if remote attendance is provided for) which allows for the identification of the shareholders or their proxy*

representatives, the registration and preparation of the list of attendees, the correct exercise of the rights thereof and the proper conduct of the meeting.

- g) The address of the Company's corporate website.*
- h) Any financial incentive for participation that the Board of Directors resolves to pay in accordance with the policy approved for such purpose (such as attendance bonuses or the payment of an engagement dividend subject to a specified minimum quorum being reached at the General Shareholders' Meeting).*

The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed on second call, if applicable.

- 4. The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law."*

In Bilbao, on 10 May 2022

ANNEX

Current text of the <i>By-Laws</i>	Proposed amendments
PREAMBLE	PREAMBLE
<p>Pursuant to the corporate autonomy recognised by law, these <i>By-Laws</i> govern the corporate contract by which all shareholders of IBERDROLA, S.A. (the “Company”) are bound upon acquiring such status.</p>	<p>Pursuant to the corporate autonomy recognised by law, these <i>By-Laws</i> govern the corporate contract by which all shareholders of IBERDROLA, S.A. (the “Company”) are bound upon acquiring such status.</p>
<p>Having been approved in accordance with applicable law by the shareholders acting at a General Shareholders’ Meeting, which is the highest governing body through which shareholders express their contractual will, they go far beyond the minimum requirements established by law and even the typical text of the by-laws of listed companies.</p>	<p>Having been approved in accordance with applicable law by the shareholders acting at a General Shareholders’ Meeting, which is the highest governing body through which shareholders express their contractual will, they go far beyond the minimum requirements established by law and even the typical text of the by-laws of listed companies.</p>
<p>Along these lines, the preliminary title hereof first defines the fundamental pillars of the Company as an independent entity of an open nature, the holding company of an international industrial group that combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the Company’s group, all on the basis of an effective system of checks and balances that prevents the centralisation of management power within a single governance body or a single person.</p>	<p>Along these lines, the preliminary title hereof first defines the fundamental pillars of the Company as an independent entity of an open nature, the holding company of an international industrial group that combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the Company’s group, all on the basis of an effective system of checks and balances that prevents the centralisation of management power within a single governance body or a single person.</p>
<p>The provisions of the <i>By-Laws</i> regarding the corporate object, the purpose and values, and the corporate interest and social dividend, beyond the corporate aspects highlighted above, give shape to an electric power company focused on a clear “<i>purpose</i>” and certain clear “<i>values</i>” that make up its corporate philosophy and its ideological and axiological bases on which its corporate enterprise is based; thus they portray an integral company, which transcends its nature as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations and the most demanding environmental, social commitment and good governance (ESG) requirements, and ultimately distinguish it as a company and institutional reality, a</p>	<p>The provisions of the <i>By-Laws</i> regarding the corporate object, the purpose and values, and the corporate interest and social dividend, beyond the corporate aspects highlighted above, give shape to an electric power company focused on a clear “<i>purpose</i>” and certain clear “<i>values</i>” that make up its corporate philosophy and its ideological and axiological bases on which its corporate enterprise is based; thus they portray an integral company, which transcends its nature as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations and the most demanding environmental, social commitment and good governance (ESG) requirements, and ultimately distinguish it as a company and institutional reality, a</p>

<p>player in the economic and social environment in which it does business.</p>	<p>player in the economic and social environment in which it does business.</p>
<p>In the case of the Company, the <i>By-Laws</i> thereof define and ultimately constitute the foundation on which is built and based the Governance and Sustainability System, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its <i>raison d'être</i> and <i>way of being</i>, the construction of its identity, the achievement and implementation of the <i>Purpose and Values of the Iberdrola group</i>, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the <i>social dividend</i> that it shares with all of its Stakeholders.</p>	<p>In the case of the Company, the <i>By-Laws</i> thereof define and ultimately constitute the foundation on which is built and based the Governance and Sustainability System, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its <i>raison d'être</i> and <i>way of being</i>, the construction of its identity, the achievement and implementation of the <i>Purpose and Values of the Iberdrola group</i>, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the <i>social dividend</i> that it shares with all of its Stakeholders.</p>
	<p><u>In turn, the Purpose and Values of the Iberdrola group meet the most demanding standards in the areas of environmental protection and climate action, social commitment, and corporate governance, within the general framework of respect for and protection of human rights, the social market economy, and the ethical principles generally accepted in its sphere of activity.</u></p>
<p>The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the <i>Purpose and Values of the Iberdrola group</i>, ensures the assembly and coordination of all its Stakeholders within a company made up of them, and ultimately directs and supports the driving action of the Company as an enterprise and institutional reality in the communities of which it is a part and in today's globalised society as a whole.</p>	<p>The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the <i>Purpose and Values of the Iberdrola group</i>, ensures the assembly and coordination of all its Stakeholders within a company made up of them, and ultimately directs and supports the driving action of the Company as an enterprise and institutional reality in the communities of which it is a part and in today's globalised society as a whole.</p>
<p>To the extent applicable thereto, the <i>By-Laws</i> and the other provisions of the Company's Governance and Sustainability System bind its shareholders, the members of the Board of Directors and of senior management, and the other professionals of the Company and its group, as well as, generally, any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith.</p>	<p>To the extent applicable thereto, the <i>By-Laws</i> and the other provisions of the Company's Governance and Sustainability System bind its shareholders, the members of the Board of Directors and of senior management, and the other professionals of the Company and its group, as well as, generally, any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith.</p>
<p>PRELIMINARY TITLE. IBERDROLA, S.A. AND ITS GROUP</p>	<p>PRELIMINARY TITLE. IBERDROLA, S.A. AND ITS GROUP</p>

<p>Article 7. Social Dividend</p>	<p>Article 7. Social Dividend</p>
<p>1. The performance of the activities included in the corporate object, particularly the Company's innovation and digital transformation strategy, must be focused on the sustainable creation of value, in accordance with the <i>Purpose and Values of the Iberdrola group</i> and with the commitments made in its <i>Code of Ethics</i>.</p>	<p>1. The performance of the activities included in the corporate object, particularly the Company's innovation and digital transformation strategy, must be focused on the sustainable creation of value, in accordance with the <i>Purpose and Values of the Iberdrola group</i> and with the commitments made in its <i>Code of Ethics</i>.</p>
<p>2. The Company conceives of the social dividend as the direct, indirect or induced contribution of value of its activities for all Stakeholders, particularly through its contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.</p>	<p>2. The Company conceives of the <u>recognises and seeks to obtain a</u> social dividend as <u>consisting of</u> the direct, indirect or induced contribution of value of its activities for all Stakeholders, particularly through its contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations <u>and its commitment to best environmental, social and corporate governance (ESG) practices.</u></p>
<p>3. The statement of non-financial information formulated by the Board of Directors and approved by the shareholders at the General Shareholders' Meeting presents the Company's performance in the social, environmental and sustainability areas, as well as the social dividend generated and shared with its Stakeholders.</p>	<p>3. The statement of non-financial information formulated by the Board of Directors and approved by the shareholders at the General Shareholders' Meeting presents the Company's performance in the social, environmental and sustainability areas, as well as the social dividend generated and shared with its Stakeholders.</p>
<p>4. The Company shall promote the public dissemination of its non-financial information and of the social dividend generated, especially among its Stakeholders.</p>	<p>4. The Company shall promote the public dissemination of its non-financial information and of the social dividend generated, especially among its Stakeholders.</p>
<p>TITLE II. GENERAL SHAREHOLDERS' MEETING</p>	<p>TITLE II. GENERAL SHAREHOLDERS' MEETING</p>
<p>Article 16. Shareholder Participation</p>	<p>Article 16. Shareholder Participation</p>
<p>The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders' Meeting, including, if appropriate, the payment of attendance bonuses pursuant to a predefined and public policy.</p>	<p>The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders' Meeting, including, if appropriate, the payment of attendance bonuses <u>financial incentives for participation (such as attendance bonuses or the payment of an engagement dividend subject to a specified minimum quorum being reached at the General Shareholders' Meeting)</u> pursuant to a predefined and public policy.</p>

<p>Current text of the Regulations</p>	<p>Proposed amendments</p>
<p>TITLE II. CALL TO THE GENERAL SHAREHOLDERS' MEETING</p>	<p>TITLE II. CALL TO THE GENERAL SHAREHOLDERS' MEETING</p>

Article 11. Methods of Holding the Meeting, Announcement of the Call to Meeting and Agenda	Article 11. Methods of Holding the Meeting, Announcement of the Call to Meeting and Agenda
<p>1. The General Shareholders' Meeting may be held in any of the following ways:</p> <ul style="list-style-type: none"> a) In person only. b) In person with the ability to attend remotely. c) If there are reasons that make it advisable, and under the conditions provided by law and the Governance and Sustainability System, exclusively by remote means. 	<p>1. The General Shareholders' Meeting may be held in any of the following ways:</p> <ul style="list-style-type: none"> a) In person only. b) In person with the ability to attend remotely. c) If there are reasons that make it advisable, and under the conditions provided by law and the Governance and Sustainability System, exclusively by remote means.
<p>2. The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:</p> <ul style="list-style-type: none"> a) The Official Bulletin of the Commercial Registry (<i>Boletín Oficial del Registro Mercantil</i>) or one of the more widely circulated newspapers in Spain. b) The website of the National Securities Market Commission (<i>Comisión Nacional del Mercado de Valores</i>). c) The Company's corporate website. 	<p>2. The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:</p> <ul style="list-style-type: none"> a) The Official Bulletin of the Commercial Registry (<i>Boletín Oficial del Registro Mercantil</i>) or one of the more widely circulated newspapers in Spain. b) The website of the National Securities Market Commission (<i>Comisión Nacional del Mercado de Valores</i>). c) The Company's corporate website.
<p>3. The announcement of the call to meeting must contain all statements required by law in each case and must set forth:</p> <ul style="list-style-type: none"> a) The manner in which it will be held (in person only, in person with the ability to attend remotely, or exclusively by remote means). b) The date, time and, if applicable, the place of the meeting on first call, and the agenda, with a statement of all matters to be dealt with. c) A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders' Meeting, to submit well-founded proposed resolutions, or to exercise their rights to receive information, to cast an absentee vote and to grant a proxy, upon the terms provided by law. d) The date on which the holders of the Company's shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called. e) A statement of where and how the complete text of the documents to be submitted at the 	<p>3. The announcement of the call to meeting must contain all statements required by law in each case and must set forth:</p> <ul style="list-style-type: none"> a) The manner in which it will be held (in person only, in person with the ability to attend remotely, or exclusively by remote means). b) The date, time and, if applicable, the place of the meeting on first call, and the agenda, with a statement of all matters to be dealt with. c) A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders' Meeting, to submit well-founded proposed resolutions, or to exercise their rights to receive information, to cast an absentee vote and to grant a proxy, upon the terms provided by law. d) The date on which the holders of the Company's shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called. e) A statement of where and how the complete text of the documents to be submitted at the

<p>General Shareholders' Meeting can be obtained, particularly including the reports of the directors, of the statutory auditors and of the independent experts to be submitted, and the complete text of the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting.</p> <p>f) Information regarding the steps and procedures to be followed in order to remotely attend the General Shareholders' Meeting (if remote attendance is provided for) which allows for the identification of the shareholders or their proxy representatives, the registration and preparation of the list of attendees, the correct exercise of the rights thereof and the proper conduct of the meeting.</p> <p>g) The address of the Company's corporate website.</p> <p>h) The attendance bonus that the Board of Directors may resolve to pay to shareholders attending the General Shareholders' Meeting in accordance with the policy approved for such purpose.</p> <p>The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed on second call, if applicable.</p>	<p>General Shareholders' Meeting can be obtained, particularly including the reports of the directors, of the statutory auditors and of the independent experts to be submitted, and the complete text of the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting.</p> <p>f) Information regarding the steps and procedures to be followed in order to remotely attend the General Shareholders' Meeting (if remote attendance is provided for) which allows for the identification of the shareholders or their proxy representatives, the registration and preparation of the list of attendees, the correct exercise of the rights thereof and the proper conduct of the meeting.</p> <p>g) The address of the Company's corporate website.</p> <p>h) The attendance bonus <u>Any financial incentive for participation</u> that the Board of Directors may resolve <u>resolves</u> to pay to shareholders attending the General Shareholders' Meeting in accordance with the policy approved for such purpose <u>(such as attendance bonuses or the payment of an engagement dividend subject to a specified minimum quorum being reached at the General Shareholders' Meeting)</u>.</p> <p>The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed on second call, if applicable.</p>
<p>4. The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.</p>	<p>4. The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.</p>

GENERAL SHAREHOLDERS' MEETING

17 June 2022



Report of the Board of Directors

Proposed increases in capital
by means of scrip issues of the
“Iberdrola Retribución Flexible”
optional dividend system



REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED IMPLEMENTATION OF TWO INCREASES IN CAPITAL BY MEANS OF SCRIP ISSUES IN ORDER TO IMPLEMENT THE "IBERDROLA RETRIBUCIÓN FLEXIBLE" OPTIONAL DIVIDEND SYSTEM INCLUDED IN ITEMS 11 AND 12 ON THE AGENDA FOR THE 2022 GENERAL SHAREHOLDERS' MEETING

1. Object of the report

This report has been prepared by the Board of Directors of IBERDROLA, S.A. (the "**Company**" or "**Iberdrola**") pursuant to the provisions of Sections 286 and 296 of the *Companies Act (Ley de Sociedades de Capital)*, in order to provide a rationale for the two proposed increases in share capital by means of scrip issues through the issuance of new shares with a charge to reserves, which are submitted to the shareholders for approval at the General Shareholders' Meeting under items 11 and 12 on the agenda and under the section "*Common terms and conditions of the dividend payment and increase in capital resolutions proposed under items number 10, 11 and 12 on the agenda, pursuant to which the "Iberdrola Retribución Flexible" optional dividend system is implemented*" (the "**Common Terms**").

Pursuant to such sections of the *Companies Act*, to the extent that the approval of each of the increases in capital and the implementation thereof entails the amendment of the article of the *By-Laws* setting the share capital, the Board of Directors prepares this report setting forth the purpose of and rationale for the proposals being submitted to the shareholders at the General Shareholders' Meeting.

Given that the two increases in share capital by means of scrip issues have the same purpose and are implemented in a similar manner, this report provides the rationale for both proposals. For purposes of easier understanding by the shareholders of the transaction that gives rise to the proposals, a description of the purpose of, rationale for and structure of the proposals is first provided. Set forth below are the main terms and conditions of the increases in capital by means of scrip issues. Finally, the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting are included.

2. Purpose of, rationale for and structure of the proposals

2.1 Purpose of and rationale for the proposals

The "Iberdrola Retribución Flexible" optional dividend system reflects Iberdrola's desire to continuously apply the best corporate governance practices, especially in the area of its shareholder remuneration policy.

This system, the approval of which is again submitted to the shareholders at the General Shareholders' Meeting, offers shareholders the ability to receive their remuneration in new bonus shares or to monetise the amount of their remuneration.

Thus, shareholders who prefer to receive their remuneration in cash may do so through a supplementary dividend approved by the General Shareholders' Meeting or through payment of the interim dividend for financial year 2022 approved by the Board of Directors. These shareholders will also have the option to sell their free-of-charge allocation rights on the market, although in this case the amount of the

remuneration they receive will depend on market conditions in general and the listing price of the free-of-charge allocation rights in particular.

For this reason, in addition to the dividend contemplated in the proposed resolution corresponding to item 10 on the agenda for the General Shareholders’ Meeting (the “**Supplementary Dividend**”), it is expected that, prior to 31 December 2022, the Board of Directors will approve the payment of an amount on account of the dividend for financial year 2022 (the “**Interim Dividend**”), which will in any case be subject to compliance with the requirements of Section 277 of the *Companies Act*.

Notwithstanding the foregoing, if these requirements are not met in the Second Implementation (as such term is defined below) to pay the Interim Dividend, the Company will make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital (as such term is defined below) at a guaranteed fixed price upon the terms and conditions described below (the “**Purchase Commitment**” and the “**Fixed Purchase Price**”, respectively).

2.2 Structure of the proposals

The proposals submitted to the shareholders for approval at the General Shareholders’ Meeting under items 11 and 12 on the agenda and under the Common Terms have been structured in the form of two increases in share capital with a charge to the reserves contemplated in Section 303.1 of the *Companies Act* (each such increase in capital shall be referred to as an “**Increase in Capital**” and both of them collectively as the “**Increases in Capital**”), which shall be implemented together with the payment of the Supplementary Dividend and the Interim Dividend, respectively (each a “**Dividend**” and collectively the “**Dividends**”). In particular:

- (i) The first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2022 (the “**First Implementation**”) shall be carried out through the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item 11 on the agenda, together with the payment of the Supplementary Dividend.
- (ii) The second implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2022 (the “**Second Implementation**”, and collectively with the First Implementation, the “**Implementations**” and each of the Implementations, individually, an “**Implementation**”) shall be carried out through the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item 12 on the agenda together with the payment of the Interim Dividend, to the extent that the requirements set out in Section 277 of the *Companies Act* are met. The Purchase Commitment would be implemented if said requirements are not met.

It is expected that the First Implementation will take place in the month of July 2022 and that the Second Implementation will occur in the month of January 2023.

In each of the Implementations, the shareholders may choose from among the following options for remuneration upon the terms and conditions established by the Board of Directors (with express power of substitution):

- (a) Receiving their remuneration in cash by collecting the Dividend in question (whether with respect to all of their shares or a portion thereof), for which



purpose the shareholders shall be required to make an express election in this regard.

- (b) Receiving their remuneration in newly-issued bonus shares of the Company. To this end, shareholders must refrain from transferring their free-of-charge allocation rights on the market. In this case, upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital, the shareholders shall receive such number of new shares (as they are proportionately entitled to receive), entirely as bonus shares.
- (c) Transferring all or part of their free-of-charge allocation rights on the market during the trading period pursuant to the provisions of Section 3.2 below. In this case, the consideration for such rights will depend on market conditions in general and on the listing price of such rights in particular.

The shareholders may only elect remuneration option (a) above during the "**Common Election Period**". The Common Election Period will begin on the same day as the trading period for the free-of-charge allocation rights, and the Board of Directors (with express power of substitution) must establish the specific term of the Common Election Period, which may in no event exceed the term of said trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above with respect to different groups of shares that each of them own. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.

Furthermore, as already mentioned, if the requirements of Section 277 of the *Companies Act* are not met on occasion of the Second Implementation, and therefore the Company cannot pay the Interim Dividend, the shareholders may monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price within the framework of the Purchase Commitment and thus receive a cash amount equal to the one that the Company would have paid as Interim Dividend.

In this regard, it should be borne in mind that the tax treatment of the above alternatives may be different, as described in Section 3.7 below.

Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

3. Main terms and conditions of the Increases in Capital.

Set forth below are the main terms and conditions of the Increases in Capital.

3.1 Nominal amount of the Increases in Capital, number of shares to be issued, and number of free-of-charge allocation rights required for the allocation of one new share

The amount of each of the Increases in Capital shall be the result of multiplying the nominal value of each share of the Company (seventy-five euro cents per share) by the total determinable number of new shares of the Company to be issued on the date

of each of the Implementations. The Increases in Capital will thus be carried out at par (i.e. without a share premium).

In turn, the maximum number of new shares to be issued in each Increase in Capital shall be the number resulting from the application of the following formula (with the result being rounded to the next lower integer):

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where:

NNS = Maximum number of new shares to be issued;

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors (or the body acting by delegation therefrom) resolves to implement each Increase in Capital. In this regard, those shares of Iberdrola that have previously been redeemed by virtue of the implementation of the resolution approving the reduction in share capital by means of the redemption of own shares submitted to the shareholders for approval at the General Shareholders’ Meeting under item 13 on the agenda, even if the corresponding public instrument formalising the implementation of the resolution approving the reduction in capital has not been executed or is pending registration with the Commercial Registry, shall not be deemed to be outstanding shares of the Company; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one new share in the Increase in Capital in question, which number will result from the application of the following formula, rounded to the next higher integer:

$$\text{Num. rights} = \text{TNShrs.} / \text{Provisional number of shares}$$

where:

$$\text{Provisional number of shares} = \text{Amount of the Option} / \text{ListPri}$$

For these purposes, “**Amount of the Option**” shall mean the maximum reference market value of the relevant Increase in Capital to be set by the Board of Directors (or the body acting by delegation therefrom) and which will be a maximum amount of €1,880 million in the Increase in Capital submitted for the approval of the shareholders under item 11 on the agenda and of €1,350 million in the Increase in Capital submitted for the approval of the shareholders at the General Shareholders’ Meeting under item 12 on the agenda.

“**ListPri**” shall be the arithmetic mean of the average weighted listing prices of the Company’s shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges in the five trading sessions prior to the resolution of the Board of Directors (or of the body acting by delegation therefrom) which determines the number of free-of-charge allocation rights needed for the allocation of one new share, rounded to the closest one-thousandth part of one euro.



The maximum number of new shares to be issued thus calculated shall be rounded as required to obtain a whole number of shares (with the result being rounded to the next lower integer) and a ratio for the conversion of rights into shares that is also an integer (with the result being rounded to the next higher integer). In addition, and for the same purposes, the Company or a company of its group that holds shares of the Company shall waive the corresponding free-of-charge allocation rights as provided in Section 3.2 below.

Furthermore, the gross amount per share of the Dividend in question, or if the requirements of Section 277 of the *Companies Act* to pay the Interim Dividend are not met, the gross amount of the Fixed Purchase Price per free-of-charge allocation right will be calculated as follows (rounding the result to the closest one-thousandth part of one euro):

$$\text{Dividend}^* = \text{ListPri} / (\text{Num. rights} + 1)$$

* Or, if applicable, Fixed Purchase Price

Solely for purposes of facilitating an understanding of the application hereof, the Common Terms include a sample calculation of the maximum number of new shares to be issued in the Increase in Capital submitted for approval of the shareholders under item 11 on the agenda for the General Shareholders' Meeting, of the maximum nominal value of such Increase in Capital, of the number of free-of-charge allocation rights required for the allocation of one new share, and of the gross Supplementary Dividend per share.

The Amount of the Option of each Increase in Capital, together with the other items to be determined on each of the Implementations, shall be made public by means of a corresponding notice, which will be sent to the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

3.2 Free-of-charge allocation rights

In each Increase in Capital, each outstanding share will grant its holder one free-of-charge allocation right.

It shall be deemed that those shareholders choosing to receive their remuneration in cash through the Dividend with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and the ability to transfer them on the market. To this end, the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) ("**IBERCLEAR**") will block said free-of-charge allocation rights, which may not be transferred on the market and which shall automatically expire at the end of the trading period, without the holders thereof being entitled to receive new shares.

The number of free-of-charge allocation rights required to receive one new share in each Increase in Capital shall be automatically determined according to the ratio existing between the number of shares of the Company then outstanding on the date of implementation of the Increase in Capital in question (TNShrs.) and the provisional number of new shares, calculated by using the formula contained in Section 3.1 above. Specifically, the holders of free-of-charge allocation rights shall be entitled to receive one new share in exchange for the number of free-of-charge allocation rights held by them, which shall be determined as provided in Section 3.1 above.

In the event that the number of free-of-charge allocation rights required for the allocation of one new share (Num. rights) multiplied by the maximum number of new shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of implementation of the Increase in Capital in question, the Company (or such entity within its group, if any, as holds shares of the Company) shall waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of new shares be a whole number and not a fraction. In such an event, as well as to the extent that shareholders of the Company elect to receive the Dividend, there will be an incomplete allocation of the Increase in Capital in question, and share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived, pursuant to the provisions of Section 311 of the *Companies Act*.

The free-of-charge allocation rights shall be allocated to those who are registered as being entitled thereto in the book-entry records of IBERCLEAR on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect.

Iberdrola will waive the free-of-charge allocation rights corresponding to the shares of the Company that have been redeemed prior to the date of implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of IBERCLEAR because the corresponding public instrument formalising the implementation of the resolution on the reduction in capital, the approval of which is submitted to the shareholders at the General Shareholders’ Meeting under item 13 on the Agenda, has not yet been executed or is still pending registration.

The free-of-charge allocation rights may be traded during such term as is established by the Board of Directors (with express power of substitution), which term shall not be less than fourteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive new shares. Notwithstanding the foregoing, these free-of-charge allocation rights acquired on the market during the trading period shall not give the acquiring party the right to choose to receive the Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market, or alternatively receive any new bonus shares of the Company to which they are entitled.

Shareholders that do not have free-of-charge allocation rights in a number sufficient to receive one new share in each Increase in Capital may: (a) acquire on the market a sufficient number of free-of-charge allocation rights which, added to those already held by them, grant them the right to receive one new share; (b) transfer all or part of their free-of-charge allocation rights on the market (with the consideration for their rights depending on market conditions in general and on the listing price of the free-of-charge allocation rights in particular); or (c) elect to receive the Dividend.

Upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital in question, the holders of the free-of-charge allocation rights (provided that they have not waived them upon the terms set forth above) shall receive a number of new shares –as they are proportionately entitled to receive– entirely as bonus shares.



3.3 Gross amount per share to be paid to the shareholders as the Dividend in the Implementations

As previously explained, upon the implementation of each Increase in Capital, the shareholders may choose to receive a certain Dividend per share. The gross amount to be paid to the shareholders as the Dividend for each share of Iberdrola with the right to receive it shall be determined within the context of each of the Implementations by the Board of Directors (with express power of substitution), pursuant to the rules set forth below.

In both Implementations, the gross amount per share of the Dividend will be the amount resulting from the application of the following formula, rounding the result to the closest one-thousandth part of one euro:

$$\text{Dividend} = \text{ListPri} / (\text{Num. rights} + 1)$$

In the Second Implementation, the Board of Directors shall approve the payment of the Interim Dividend prior to 31 December 2022, subject in any case to the provisions of Section 277 of the *Companies Act*¹.

During the Common Election Period for each Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Dividend per share with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution), and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Dividend per share in question with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares pursuant to the provisions of Section 3.2 above.

After the Common Election Period has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend payment from each of the Implementations and shall make payment thereof through the participants in IBERCLEAR, the Board of Directors being hereby authorised for such purpose (with express power of substitution) to establish the specific date on which the payment of the Dividend should occur, to designate the entity that is to act as paying agent and to take such other steps as may be required or appropriate for the successful payment of the Dividend. Furthermore, after calculating said aggregate gross amount of the Dividend corresponding to each Implementation, the Board of Directors (with express power of substitution) shall rescind any resolution on payment of the corresponding Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive new shares.

Moreover, in the case of the First Implementation, after calculating the aggregate gross amount of the Dividend for such Implementation, the aggregate total amount paid as a dividend with a charge to the results for the financial year ended 31 December 2021 pursuant to the provisions of item 10 on the agenda shall be determined and, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder shall be specified,

¹ If the requirements of Section 277 of the *Companies Act* to pay the Interim Dividend are not met, the gross amount of the Fixed Purchase Price per free-of-charge allocation right will be equal to the gross amount of the Interim Dividend per share resulting from the above formula (see Section 3.4 below).

and the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2021 shall be completed.

3.4 Purchase Commitment within the framework of the Second Implementation

As already mentioned, if the requirements set forth in Section 277 of the *Companies Act* to pay the Interim Dividend are not met within the framework of the Second Implementation, and in order to ensure that the shareholders can receive all or part of their remuneration in cash, the Company will make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital at a guaranteed fixed price (i.e. the Purchase Commitment and the Fixed Purchase Price, respectively) upon the following terms and conditions.

The Fixed Purchase Price shall be calculated by applying the formula used to determine the gross amount per share of the Interim Dividend, such that the amount that would be received by shareholders choosing this option would be equal to the amount they would have received if it had been possible to pay the Interim Dividend. The Fixed Purchase Price shall be calculated prior to the commencement of the trading period for the free-of-charge allocation rights of the second Increase in Capital and shall be published as soon as it is determined.

The Purchase Commitment assumed by the Company shall cover the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of IBERCLEAR on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect, but excluding those rights that have been transferred on the market.

The Purchase Commitment shall be in effect and may be accepted during such term as is established for these purposes by the Board of Directors (with express power of substitution), and which must in any case be included within the trading period for the free-of-charge allocation rights.

For these purposes, the Company is authorised to acquire said free-of-charge allocation rights, with a maximum limit of all rights issued in relation to the second Increase in Capital, but must in any case comply with applicable legal restrictions from time to time in effect.

The acquisition by the Company of the free-of-charge allocation rights as a result of the Purchase Commitment shall be carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*.

The Company shall waive the new shares corresponding to the free-of-charge allocation rights that it has acquired by application of the Purchase Commitment. In such an event, there will be an incomplete allocation of the Increase in Capital corresponding to the Second Implementation, and share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived, pursuant to the provisions of Section 311 of the *Companies Act*.

3.5 Rights attaching to the new shares

The new shares issued in each Increase in Capital shall be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries, and the book-entry registration of which will be entrusted to IBERCLEAR and its participants.



As from the date that each Increase in Capital is declared to be subscribed and paid up, the new shares shall grant the holders thereof the same financial, voting and like rights as the ordinary shares of the Company then outstanding.

The Increases in Capital shall be carried out free of expenses and fees as to the allocation of the new shares issued. The Company shall bear the costs of issuance, subscription, flotation, admission to trading and other costs associated with the Increases in Capital.

Without prejudice to the foregoing, the Company's shareholders should bear in mind that the participants in IBERCLEAR with which they keep their shares on deposit may establish such pass-through management fees and expenses as they may freely determine as a consequence of maintaining the securities in their book-entry records. Moreover, these participants may establish such pass-through fees and expenses as they may freely determine for the processing of orders to purchase and sell free-of-charge allocation rights.

3.6 Balance sheet for the transaction and reserves with a charge to which the Increases in Capital are carried out

The balance sheet used as a basis for the Increases in Capital is the one for the financial year ended 31 December 2021, which has been audited by "KPMG Auditores, S.L." and which is submitted to the shareholders for approval at the General Shareholders' Meeting under item 1 on the agenda.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*. When implementing each of them, the Board of Directors (with express power of substitution) shall determine the reserve(s) that will be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

3.7 Tax Regime

Within the framework of the implementation of the "Iberdrola Retribución Flexible" optional dividend system in 2018, and particularly the option for the Supplementary Dividend and the Interim Dividend, the Company submitted a binding consultation to the General Tax Authority (*Dirección General de Tributos*) (the "DGT") regarding the tax treatment applicable to its shareholders in Spain subject to the Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*) ("IRPF"), which was submitted to such agency on 14 July 2017. This binding consultation was answered by the DGT on 16 January 2018 with reference number V0042-18.

In addition to the foregoing, on 10 October 2019 the Company submitted a binding consultation to the DGT in order to clarify the tax impact for purposes of withholding of the *Resolution of 5 March 2019 of the Accounting and Statutory Auditing Institute developing the standards for presentation of financial instruments and other accounting aspects relating to the commercial regulation of capital enterprises* published in the Spanish Official Government Bulletin (*Boletín Oficial del Estado*) on 11 March 2019 (the "ICAC Resolution") on the delivery of bonus shares or free-of-charge allocation rights in this context (the "Consultation"). The consultation was answered on 12 May 2020 with reference number V1357-20.

The answers to the binding consultation, as well as the answers by the DGT to the binding consultations obtained by the Company on 27 April 2010 and 1 October 2010 (made in relation to the traditional "Iberdrola Flexible Dividend" remuneration system),

indicate that the tax treatment applicable on the date of preparation of this report is as described below.

In any event, shareholders and the holders of free-of-charge allocation rights are advised to consult their tax advisers before making a decision regarding the “Iberdrola Retribución Flexible” optional dividend system, taking into account the particular circumstances of each shareholder or holder of free-of-charge allocation rights.

As stated above, for tax purposes, the following possibilities should be distinguished based on the option chosen by each shareholder within the framework of the “Iberdrola Retribución Flexible” optional dividend system:

A) If choosing to receive newly-issued bonus shares

Pursuant to Spanish tax regulations, individual shareholders choosing to receive new shares as a consequence of the Increases in Capital will not include any income within their tax basis upon delivery thereof for purposes of the Spanish IRPF or the Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*) (“**IRNR**”) if they do not act through a permanent establishment in Spain, nor will any withholding or payment on account apply.

However, the acquisition value for these shareholders of both the new shares received as a consequence of each Increase in Capital and the shares from which they derive will result from distributing the total cost of acquisition among the applicable number of securities, including both existing securities and those issued as bonus shares. In respect of these shareholders, such bonus shares will be deemed to have been held for as long as the shares from which they derive. Consequently, in the event of a subsequent transfer, the income subject to taxation that is obtained will be calculated by reference to such new acquisition value.

Shareholders subject to the Corporate Income Tax (*Impuesto sobre Sociedades*) (“**IS**”) of the IRNR for non-residents with a permanent establishment in Spain, to the extent that a complete commercial cycle is closed, will pay tax pursuant to applicable accounting rules (taking into account the ICAC Resolution, and particularly Article 35.4 thereof regarding the treatment of members of shareholder remuneration programmes that can be implemented by acquiring newly-issued bonus shares, disposing of the free-of-charge allocation rights on the market or selling them to the issuing company, which is mandatory for financial years beginning on 1 January 2020, and any specific rules regarding the above taxes). All of the foregoing is without prejudice to the rules for determining any applicable tax basis for these taxes, and particularly the ability to apply the exemption of Section 21 of *Law 27/2014 of 27 November on the Corporate Income Tax (Ley del Impuesto sobre Sociedades)* (“**LIS**”), upon compliance with the requirements set forth therein, or, in cases where the reserve used to issue the bonus shares in the Increase in Capital is the reserve from the share premium, the rule set forth in Section 17.6 of the LIS. Shareholders subject to the IS or the IRNR who act through a permanent establishment in Spain are advised to consult their tax advisors on the impact of the ICAC Resolution and the government’s approach as described above before making a decision regarding Increase in Capital.

In any case, pursuant to the standard evaluated by the DGT in the Consultation in favour of the Company, Iberdrola will not apply withholding or payments on



account upon the delivery of bonus shares or free-of-charge allocation rights within this context.

B) If choosing to transfer all or part of their free-of-charge allocation rights on the market

In the event that the shareholders sell their free-of-charge allocation rights on the market, the amount obtained for the transfer of such rights on the market will be subject to the following tax treatment:

- For individual shareholders subject to the Spanish IRPF or the IRNR for non-residents who do not act through a permanent establishment in Spain, the amount obtained in transfers of free-of-charge allocation rights will be deemed to be a financial profit, all without prejudice to the potential application to persons subject to the IRNR without a permanent establishment of international treaties, including the treaties signed by Spain for the avoidance of double taxation and for the prevention of tax evasion in the area of Income Tax and to which they might be entitled, and the exemptions established in the IRNR rules.

In addition, for individual shareholders subject to the IRPF applicable within the common regions of Spain, the amount obtained in the transfers of free-of-charge allocation rights will be subject to the corresponding withholding on account of this tax. The withholding will be applied by the corresponding depository (and in the absence thereof, by the financial intermediary or notary public that has participated in the transfer thereof).

- For shareholders subject to the IS or the IRNR with a permanent establishment in Spain, to the extent that a complete commercial cycle is closed, taxes will be paid pursuant to applicable rules (taking into account, if applicable, the ICAC Resolution, and particularly the aforementioned Article 35.4 thereof, which will be mandatory for financial years beginning on 1 January 2020, and any specific rules regarding the aforementioned taxes). All of the foregoing is without prejudice to the rules for determining any applicable tax basis for these taxes, and particularly the ability to apply the exemption of Section 21 of the LIS, upon compliance with the requirements set forth therein, or, in cases where the reserve used to issue the bonus shares in the Increase in Capital is the reserve from the share premium, the rule set forth in Section 17.6 of the LIS. Shareholders subject to the IS and the IRNR who act through a permanent establishment in Spain are advised to consult their tax advisors on the impact of the ICAC Resolution and the government's approach as described above before making a decision regarding Increase in Capital.

In any case, pursuant to the standard evaluated by the DGT in the Consultation in favour of the Company, Iberdrola will not apply withholding or payments on account upon the sale of free-of-charge allocation rights on the market within this context.

C) If choosing to receive their remuneration in cash by collecting the Dividend in question, or alternatively, transferring all of their free-of-charge allocation rights to the Company at the Fixed Purchase Price pursuant to the Purchase Commitment²

Finally, if the shareholders (whether individuals or legal entities) choose to receive the Supplementary Dividend or the Interim Dividend (or if they receive the Fixed Purchase Price, if applicable), the amount obtained will be covered by the tax regime for returns obtained from participation in the own funds of entities (as dividends), and will therefore be subject to the corresponding withholding and taxation.

Other considerations regarding the tax regime

It should be borne in mind that this analysis of the tax regime (which has been performed on the basis of specific assumptions) does not cover all the possible tax consequences of the various options relating to the “Iberdrola Retribución Flexible” optional dividend system, the implementation of the Increases in Capital, and/or the payment of the Supplementary Dividend and of the Interim Dividend. If a change in these assumptions changes the description of the taxation of the proposals covered by this report, the new tax treatment will be communicated to the market as appropriate. In particular, it does not describe the consequences to which shareholders that are not residents in Spain for tax purposes may be subject in their countries of residence. Nor is there an analysis of any particularities that may apply to shareholders residing in the Historical Territories of the Basque Country or the Chartered Community of Navarre. Therefore, it is recommended that shareholders and holders of free-of-charge allocation rights consult with their tax advisers regarding the specific tax impact of the proposed remuneration system, taking into account the particular circumstances of each shareholder or holder of free-of-charge allocation rights, and that they pay attention to: (i) any amendments that may be made to the law applicable as of the date of this report; (ii) the text of the transitional provisions thereof; and (iii) the rules for interpretation.

Finally, the holders of American Depositary Receipts (ADRs) and CREST Depository Interests (CDIs) representing shares of the Company are advised to consult with their tax advisers on the taxation thereof in Spain or their jurisdictions of residence before making a decision in connection with the Increases in Capital.

In any case, it should be noted that the *Financial Transactions Tax Act (Ley del Impuesto sobre las Transacciones Financieras)* (the “ITF” and the “LITF”, respectively) came into force on 16 January 2021.

According to the terms of the LITF, the ITF taxes acquisitions for consideration of shares of Spanish companies that are admitted to trading on a Spanish market, a regulated market of the European Union or a market considered equivalent in a third country at a fixed rate of 0.2%, provided that the capitalisation of the company as at 1 December of the year preceding the acquisition is more than €1,000 million. A taxable event for purposes of the ITF also covers the acquisition of shares arising

² If the requirements of Section 277 of the *Companies Act* to pay the Interim Dividend are not met.



from the acquisition of certificates of deposit representing said shares (e.g. ADRs or CDIs), among other transactions or contracts.

Pursuant to the provisions of the LITF, the Spanish National Tax Administration Agency has published a list of Spanish companies whose shares have a market capitalisation of more than €1,000 million as at 1 December 2021. Iberdrola is included in this list, for which reason, in principle, acquisitions for consideration of its shares (or certificates of deposit representing such shares, like ADRs or CDIs) during 2022 would fall within the scope of the ITF (without prejudice to the corresponding exemptions that may apply).

That said, the Spanish National Tax Administration Agency has published a document on "Frequently asked questions regarding the Financial Transactions Tax" document (which is regularly updated), pursuant to which acquisitions of shares within the framework of shareholder remuneration programmes known as "scrip dividend" programmes (to the extent that the shares delivered are new shares resulting from a totally paid-up increase in capital) are not subject to the ITF.

However, the ITF may subject to taxation (at a fixed rate of 0.2%) other transactions in shares of Iberdrola (or ADRs or CDIs), regardless of the residence of the participating parties.

In any event, shareholders and the holders of free-of-charge allocation rights are advised to consult their tax advisers regarding the impact of the ITF and of any other tax measure, taking into account the particular circumstances of each shareholder or holder of free-of-charge allocation rights.

3.8 Delegation to carry out each of the Implementations

It is proposed to delegate to the Board of Directors (with express power of substitution) the power to set the date on which each of the Implementations is to be carried out, as well as to establish the terms and conditions applicable to each of the Implementations as to all matters not provided for by the shareholders at the General Shareholders' Meeting (including, in particular, the Amount of the Option), all on the terms and within the period of one year contemplated in Section 297.1.a) of the *Companies Act*. Notwithstanding the foregoing, if the Board of Directors (with express power of substitution) does not deem it advisable to carry out one or both Implementations, in whole or in part, within the aforementioned period, it may refrain from doing so, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting. Specifically, the Board of Directors (with express power of substitution) shall analyse and take into account the market conditions, the circumstances of the Company itself or those deriving from an event that has social or financial significance for the Company, and if these or other factors make it inadvisable, in its opinion, to carry out one or both Implementations, it may refrain from doing so. In addition, the resolutions approved by the shareholders at this General Shareholders' Meeting relating to the Supplementary Dividend and to the Increases in Capital shall be deprived of any and all effect in the event that the Board of Directors (or the body acting by delegation thereof) does not exercise the powers delegated thereto or, in the case of the Second Implementation, does not approve the payment of the Interim Dividend or honour the Purchase Commitment, within a period of one year from approval of the resolutions.

On the dates that the Board of Directors (or the body acting by delegation therefrom) decides to implement an Increase in Capital, establishing for such purpose all of the

final terms and conditions thereof as to all matters not provided for by the shareholders at the General Shareholders’ Meeting, the Company shall make public such terms and conditions. In particular, prior to the commencement of each free-of-charge allocation period, the Company shall make available to the public a document containing information on the number and nature of the shares, the reasons for the Increase in Capital and the gross amount of the Dividend per share, all as provided by Article 1.5.(g) of *Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC* or the legal provisions that apply at any particular time.

Once the period for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital has ended, the following shall apply:

- i. The new shares shall be allocated to those who, according to the book-entry records maintained by IBERCLEAR and its participants, are the holders of free-of-charge allocation rights in the required proportion (due to not having waived them on the terms provided above).
- ii. The period for trading the free-of-charge allocation rights shall be declared to have ended and the appropriation of the account(s) with a charge to which the relevant Increase in Capital will be implemented shall be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.
- iii. The Company shall pay the Supplementary Dividend or the Interim Dividend (or, if the requirements of Section 277 of the *Companies Act* are not met within the framework of the Second Implementation, the Fixed Purchase Price), as applicable, to the shareholders that have expressly chosen this remuneration option within the period and subject to the terms and conditions determined for these purposes by the Board of Directors (with express power of substitution).

Finally, in each Increase in Capital, the Board of Directors (with express power of substitution) shall adopt the resolutions required to amend the *By-Laws* so that they reflect the new amount of share capital and the number of shares resulting from the Increase in Capital in question, and to make application for trading the new shares as described in the next section.

3.9 Admission of the new shares to trading

The Company shall make application for trading the new shares to be issued as a consequence of each Increase in Capital on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), and shall carry out such acts and formalities as are required for admission to trading of the new shares issued in each Increase in Capital.

4. Proposed Resolutions Submitted to the Shareholders at the General Shareholders’ Meeting

The proposed resolutions submitted to the shareholders for approval at the General Shareholders’ Meeting read as follows:



"ITEM 10 ON THE AGENDA"

Allocation of profits/losses and 2021 dividends: approval and supplementary payment that will be made within the framework of the "Iberdrola Retribución Flexible" optional dividend system

RESOLUTION

To approve the proposed allocation of profits/losses and payment of dividends for financial year 2021 formulated by the Board of Directors at its meeting held on 22 February 2022, which is described below:

To approve the payment, with a charge to the results for the financial year ended 31 December 2021 and to the balance from prior financial years, of a dividend in the aggregate gross amount equal to the sum of the following amounts (the "**Dividend**"):

- a) €353,189,951.67, which were paid on account of the dividend for financial year 2021 on 1 February 2022 to the holders of 2,077,587,951 shares of IBERDROLA, S.A. (the "**Company**" or "**Iberdrola**") who elected to receive their remuneration in cash within the framework of the second implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2021 by collecting the amount of €0.170 (gross) per share (the total amount paid to said holders will be referred to as the "**Total Interim Dividend**"); and
- b) the determinable amount resulting from multiplying:
 - i. the gross amount per share to be paid by the Company as a supplementary dividend payment for financial year 2021 within the framework of the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2022 (the "**Supplementary Dividend**"), and which will be as determined by the Company's Board of Directors pursuant to the rules set forth in the section "Common terms and conditions of the dividend payment and increase in capital resolutions proposed under items 10, 11 and 12 on the agenda pursuant to which the "Iberdrola Retribución Flexible" optional dividend system is implemented" (the "**Common Terms**"); by
 - ii. the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2022.

The amount of the Supplementary Dividend, and therefore the amount of the Dividend, cannot be determined as of the date of formulation of this proposed resolution.

For the purposes hereof, it is hereby noted that the payment of the Supplementary Dividend shall be made together with the implementation of the increase in capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Supplementary Dividend) or in newly-issued bonus shares of the Company (through said increase in capital).

The collection of the Supplementary Dividend provided for in this resolution is thus configured, in accordance with the provisions of the Common Terms, as one of the alternatives that a shareholder of Iberdrola can choose when receiving their remuneration within the framework of the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2022. As a result of the foregoing, and as

described below in the Common Terms, it shall be deemed that those shareholders choosing to receive their remuneration in cash through the Supplementary Dividend with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and therefore the ability to transfer them on the market or to receive newly-issued bonus shares corresponding to said free-of-charge allocation rights.

The distribution of the Supplementary Dividend, which is expected to become effective during the month of July 2022, shall be implemented through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR), the Board of Directors being hereby authorised to establish the specific date for payment of the Supplementary Dividend, to designate the entity that is to act as paying agent and to take such other steps as may be required or appropriate for the successful completion of the distribution.

The Board of Directors is also delegated the power to set the conditions applicable to the payment of the Supplementary Dividend to the extent not provided for in this resolution, including the determination of the specific gross amount of the Supplementary Dividend subject to the aforementioned rules.

Finally, pursuant to the provisions of Section 249 bis.I) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

The basis for distribution and the resulting proposed distribution (expressed in euros) is as follows:

BASIS FOR DISTRIBUTION:

<i>Balance from prior financial years:</i>	<i>10,975,607,127</i>
<i>Profits for financial year 2021:</i>	<i>2,160,324,321</i>
TOTAL:	13,135,931,448

DISTRIBUTION:

To Dividend: *Amount pending determination which will result from adding: (a) the Total Interim Dividend; and (b) the product resulting from multiplying the Supplementary Dividend by the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2022.*

To remainder: *Determinable amount that will result from subtracting the amount*



allocated to the Dividend from the total basis for distribution.

TOTAL:

13,135,931,448

On the date that the Board of Directors (or the body acting by delegation therefrom) decides to implement the increase in capital that is being submitted for approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda (and therefore, to commence the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2022), the minimum amount of the Supplementary Dividend shall be announced. The final amount of the Supplementary Dividend shall be communicated as soon as the Board of Directors (or the body acting by delegation therefrom) determines it in accordance with the provisions of the Common Terms. Furthermore, once the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2022 is completed, the Board of Directors (with express power of substitution) shall proceed to specify the aforementioned proposed distribution, determining the final amount of the Dividend and the amount to be allocated to remainder.

The Common Terms include a sample calculation of the Supplementary Dividend, among other figures relating to the implementation of the increase in capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda."

"ITEM 11 ON THE AGENDA

First increase in capital by means of a scrip issue at a maximum reference market value of €1,880 million in order to implement the "Iberdrola Retribución Flexible" optional dividend system

RESOLUTION

To increase the share capital of IBERDROLA, S.A. (the "**Company**" or "**Iberdrola**") upon the terms and conditions described in the section below, entitled "Common terms and conditions of the dividend payment and increase in capital resolutions proposed under items 10, 11 and 12 on the agenda, pursuant to which the "Iberdrola Retribución Flexible" optional dividend system is implemented" (the "**Common Terms**"), at a maximum reference market value of €1,880 million for the shares to be issued in implementation of said increase.

The increase in capital shall be implemented together with the supplementary payment of the dividend submitted for approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (receiving said supplementary payment of the dividend) or in newly-issued bonus shares of the Company (through the increase in capital). The delivery of bonus shares issued within the context of the increase in capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.

Pursuant to the provisions of Section 297.1.a) of the Companies Act, to delegate to the Board of Directors the power to set the date on which the increase in capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of Section 249 bis.I) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

This increase in capital is expected to be implemented together with the supplementary payment of the dividend contemplated in item 10 on the agenda during the month of July 2022.”

“ITEM 12 ON THE AGENDA

Second increase in capital by means of a scrip issue at a maximum reference market value of €1,350 million in order to implement the “Iberdrola Retribución Flexible” optional dividend system

RESOLUTION

*To increase the share capital of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) upon the terms and conditions described in the section below, entitled “Common terms and conditions of the dividend payment and increase in capital resolutions proposed under items 10, 11 and 12 on the agenda, pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the “**Common Terms**”), at a maximum reference market value of €1,350 million for the shares to be issued in implementation of said increase.*

*The increase in capital is expected to be implemented together with the payment of the interim dividend amount for financial year 2022, if any, to be approved by the Company’s Board of Directors (the “**Interim Dividend**”) in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Interim Dividend) or in newly-issued bonus shares of the Company (through the increase in capital). The delivery of bonus shares issued within the context of the increase in capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.*

Pursuant to the provisions of Section 297.1.a) of the Companies Act, to delegate to the Board of Directors the power to set the date on which the increase in capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of Section 249 bis.l) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

This increase in capital is expected to be implemented together with the Interim Dividend payment during the month of January 2023.”

“COMMON TERMS AND CONDITIONS OF THE DIVIDEND PAYMENT AND INCREASE IN CAPITAL RESOLUTIONS PROPOSED UNDER ITEMS 10, 11 AND 12 ON THE AGENDA, BY VIRTUE OF WHICH THE “IBERDROLA RETRIBUCIÓN FLEXIBLE” OPTIONAL DIVIDEND SYSTEM IS IMPLEMENTED

1. Main characteristics of the “Iberdrola Retribución Flexible” optional dividend system

*The purpose of the resolutions for the allocation of profits/losses and dividend payment and of the increase in capital resolutions proposed under items 10, 11 and 12 on the agenda is to implement the “Iberdrola Retribución Flexible” optional dividend system pursuant to which the shareholders of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) are offered the ability to receive their remuneration in cash or in newly-issued bonus shares.*



For this purpose, there shall be two implementations of said optional dividend system in each of which dividend payments shall be made (the "**Dividend Payments**", and individually, a "**Dividend Payment**") along with the implementations of the increases in capital (the "**Increases in Capital**", and individually, an "**Increase in Capital**") submitted for approval of the shareholders at the General Shareholders' Meeting under items number 11 and 12 on the agenda:

- (i) The first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2022, which is expected to take place during the month of July 2022 (the "**First Implementation**"), shall be carried out through the supplementary payment of the dividend for financial year 2021 contemplated in item 10 on the agenda (the "**Supplementary Dividend**") together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda.
- (ii) The second implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2022, which is expected to take place during the month of January 2023 (the "**Second Implementation**", and collectively with the First Implementation, the "**Implementations**" and each of the Implementations, individually, an "**Implementation**"), shall be carried out through the payment of an interim amount of the dividend for financial year 2022 (the "**Interim Dividend**") to be approved, if appropriate, by the Board of Directors pursuant to the provisions of section 2.2 below, together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 12 on the agenda.

The Supplementary Dividend and the Interim Dividend shall hereinafter be referred to collectively as the "**Dividends**" and each of them individually as a "**Dividend**".

In each of the Implementations, the shareholders may choose from among the following options for remuneration upon the terms and conditions established by the Board of Directors (with express power of substitution):

- (a) Receiving their remuneration in cash by collecting the Dividend in question (whether with respect to all of their shares or a portion thereof), for which purpose the shareholders shall be required to make an express election in this regard.
- (b) Receiving their remuneration in newly-issued bonus shares of the Company. To this end, shareholders must refrain from transferring their free-of-charge allocation rights on the market. In this case, upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital, the shareholders shall receive such number of new shares (as they are proportionately entitled to receive), entirely as bonus shares.
- (c) Transferring all or part of their free-of-charge allocation rights on the market during the trading period pursuant to the provisions of section 5 below. In this case, the consideration for such rights will depend on market conditions in general and on the listing price of such rights in particular.

The final amount of each of the Dividend Payments and of each of the Increases in Capital shall be determined by the Company's Board of Directors (or the body acting by delegation therefrom) within the context of each of the Implementations and pursuant to the provisions of the sections below.

Within the year following the date of approval of the resolutions included in items 11 and 12 on the agenda, each of the Implementations may be made by the Board of Directors (with express power of substitution) at its sole discretion, and therefore without having to once again obtain the approval of the shareholders at a General Shareholders’ Meeting, and based on the legal and financial conditions existing at the time of each of the Implementations, in order to offer the Company’s shareholders a flexible and efficient remuneration formula.

*The shareholders may only elect remuneration option (a) above (i.e. receiving the Dividend in question) during the “**Common Election Period**”. The Common Election Period will begin on the same day as the trading period for the free-of-charge allocation rights, and the Board of Directors (with express power of substitution) must establish the specific term of the Common Election Period, which may in no event exceed the term of said trading period.*

Based on their preferences and needs, the Company’s shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the aforementioned ability to combine options will only be possible with respect to different groups of shares.

*As described below (see section 3 below), if the requirements of Section 277 of the Companies Act to pay the Interim Dividend are not met within the framework of the Second Implementation, the Company shall make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital at a guaranteed fixed price upon the terms and conditions described below (the “**Purchase Commitment**” and the “**Fixed Purchase Price**”, respectively). In this case, the shareholders may monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price and thus receive a cash amount equal to the one that the Company would have paid as an Interim Dividend.*

Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holders of free-of-charge allocation rights to communicate to the entities with which their rights are deposited their preferences regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. Iberdrola assumes no liability for any failure to adhere to this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or accepting them after the passage of said period, or for any other reason), such that any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

2. Amount of the Dividends

2.1. Gross amount per share to be paid to the shareholders as a Supplementary Dividend in the First Implementation

The gross amount to be paid to the shareholders as a Supplementary Dividend for each share of Iberdrola with the right to receive it shall be determined within the context of the First Implementation by the Board of Directors (with express power of substitution), subject to the terms and conditions set forth in item 10 on the agenda



and in this section (the "**Supplementary Dividend**"). The amount of the Supplementary Dividend shall be calculated in accordance with the terms set forth in this section.

During the Common Election Period for the First Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Supplementary Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Supplementary Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

After the Common Election Period for the First Implementation has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the First Implementation (equal to the final amount of the Supplementary Dividend) and shall make payment thereof through the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR), the Board of Directors being hereby authorised for such purpose (with express power of substitution) to establish the specific date on which the Dividend Payment should occur, to designate the entity that is to act as paying agent, and to take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the First Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on payment of the Supplementary Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.

Moreover, after calculating the aggregate gross amount of the Supplementary Dividend, the aggregate total amount paid as a dividend with a charge to the results for the financial year ended 31 December 2021 pursuant to the provisions of item 10 on the agenda shall be determined and, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder shall be specified, and the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2021 shall be completed.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Supplementary Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may receive the newly-issued bonus shares of the Company to which they are entitled.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Supplementary Dividend.

2.2. Gross amount per share to be paid to the shareholders as an Interim Dividend in the Second Implementation

The gross amount to be paid as an Interim Dividend, if any, for each share of Iberdrola with the right to receive it shall be as determined by the Board of Directors pursuant to the corresponding resolution to be adopted prior to 31 December 2022 and pursuant to the provisions of Section 277 of the Companies Act (the “Interim Dividend”).

During the Common Election Period for the Second Implementation, the Company’s shareholders shall have the ability to expressly choose to receive the Interim Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Interim Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

After the Common Election Period for the Second Implementation has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the Second Implementation and shall make payment thereof through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR). To this end, the Board of Directors (with express power of substitution) shall establish the specific date on which the Dividend Payment should occur, shall designate the entity that is to act as paying agent, and shall take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the Second Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on payment of the Interim Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Interim Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Without prejudice to the foregoing, if the requirements of Section 277 of the Companies Act are not met within the framework of the Second Implementation in order to pay the Interim Dividend, the Company shall make the Purchase Commitment in order for the shareholders to be able to monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price upon the terms and conditions described in section 3 below.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Interim Dividend.



3. Purchase Commitment within the framework of the Second Implementation

If the requirements of Section 277 of the Companies Act are not met to pay the Interim Dividend within the framework of the Second Implementation, the Company shall make the Purchase Commitment upon the terms described in this section in order to ensure that the shareholders can receive all or part of their remuneration in cash.

As soon as the Company verifies that the requirements of Section 277 of the Companies Act are not met, it shall communicate this circumstance to the market.

The Fixed Purchase Price shall be calculated by applying the formula used to determine the Interim Dividend (see section 4.1 below), such that the amount that would be received by shareholders choosing this option would be equal to the amount they would have received if it had been possible to pay the Interim Dividend. The Fixed Purchase Price shall be calculated prior to the commencement of the trading period for the free-of-charge allocation rights of the second Increase in Capital and shall be published as soon as it has been determined.

The Purchase Commitment assumed by the Company shall cover the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to enforce the Purchase Commitment or, therefore, to receive the Fixed Purchase Price. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

The Purchase Commitment shall be in effect and may be accepted during such term as is established for these purposes by the Board of Directors (with express power of substitution), and which must in any case be included within the trading period for the free-of-charge allocation rights.

For these purposes, the Company is authorised to acquire said free-of-charge allocation rights, with a maximum limit of all rights issued in relation to the second Increase in Capital, but must in any case comply with applicable legal restrictions from time to time in effect.

The acquisition by the Company of the free-of-charge allocation rights as a result of the Purchase Commitment shall be carried out with a charge to the reserves contemplated in Section 303.1 of the Companies Act.

The Company shall waive the new shares corresponding to the free-of-charge allocation rights that it has acquired by application of the Purchase Commitment. In such an event, pursuant to the provisions of Section 311 of the Companies Act, there will be an incomplete allocation of the Increase in Capital corresponding to the Second Implementation, and the share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived.

4. Common characteristics of the Increases in Capital

The amount of each of the Increases in Capital shall be the amount resulting from multiplying: (a) the nominal value of each share of the Company, equal to seventy-five euro cents, by (b) the total determinable number of new shares of the Company to be issued, in accordance with the formula set forth in Section 4.1 below, on the date of each of the Implementations (the new shares of the Company issued by way of implementation of each of the Increases in Capital shall be collectively referred to as the “New Shares”, and each one, individually, as a “New Share”).

Both Increases in Capital shall be carried out, if at all, by means of the issuance and flotation, on their respective dates of Implementation, of the New Shares, which shall be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the Companies Act. When implementing each of the Increases in Capital, the Board of Directors (with express power of substitution) shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

The New Shares shall be issued at par, i.e. at their nominal value of seventy-five euro cents, without a share premium, and shall be allocated without charge to the shareholders of the Company who have opted for this remuneration alternative.

Pursuant to the provisions of Section 311 of the Companies Act, the possibility of an incomplete allocation of the Increases in Capital is contemplated in the event that the Company, a company within its group, a shareholder or a third party waives all or part of the free-of-charge allocation rights to which they are entitled at the time of implementation of each of the Increases in Capital, for which reason, in the event of such waiver, the share capital shall be increased by the corresponding amount. For these purposes, it shall be deemed that those who have chosen to receive their remuneration in cash by means of collecting the Dividend in question with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares, upon the terms and conditions set forth herein.

4.1 New Shares to be issued in each of the Increases in Capital

The maximum number of New Shares to be issued in each of the Increases in Capital shall be the number resulting from the application of the following formula, with the resulting number being rounded to the next lower integer:

$$NNS = TNShrs. / Num. rights$$

where:

NNS = Maximum number of New Shares to be issued within the framework of the relevant Increase in Capital;

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors (with express power of substitution) resolves to implement the relevant Increase in Capital. In this regard, those shares of Iberdrola that have previously been redeemed by virtue of the implementation of the resolution approving the



reduction in share capital by means of the redemption of own shares submitted to the shareholders for approval at the General Shareholders' Meeting under item 13 on the agenda, even if the corresponding public instrument formalising the reduction in share capital has not been executed or is pending registration with the Commercial Registry, shall not be deemed to be outstanding shares of the Company; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one New Share within the framework of the relevant Increase in Capital, which number will result from the application of the following formula, with the resulting number being rounded to the next higher integer:

Num. rights = TNShrs. / Provisional number of shares

where:

Provisional number of shares = Amount of the Option / ListPri.

For these purposes, "Amount of the Option" shall mean the maximum reference market value of the relevant Increase in Capital to be set by the Board of Directors (with express power of substitution) and which shall not be greater than the amount referred to in the proposed increase in capital resolutions submitted for the approval of the shareholders at the General Shareholders' Meeting under items 11 and 12 on the agenda (i.e. €1,880 and €1,350 million, respectively).

For its part, "ListPri" shall be the arithmetic mean of the average weighted listing prices of the Company's shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market) during the five trading sessions prior to the relevant resolution adopted by the Board of Directors (with express power of substitution) which determines the number of free-of-charge allocation rights needed for the allocation of one New Share in the relevant Increase in Capital, rounded to the closest one-thousandth part of one euro.

The maximum number of new shares to be issued thus calculated shall be rounded as required to obtain a whole number of shares (with the result being rounded to the next lower integer) and a ratio for the conversion of rights into shares that is also an integer (with the result being rounded to the next higher integer). In addition, and for the same purposes, the Company (or any entity within its group that holds shares of the Company) shall waive the corresponding free-of-charge allocation rights as provided in section 4.2 below.

Furthermore, the gross amount per share of the Dividend in question, or if the requirements of Section 277 of the Companies Act are not met in the Second Implementation, the Fixed Purchase Price per free-of-charge allocation right will be that which results from the application of the following formula, rounding the result to the closest one-thousandth part of one euro:

Dividend (or, if applicable, Fixed Purchase Price) = ListPri / (Num. rights + 1)

4.2 Free-of-charge allocation rights

In each of the Increases in Capital, each outstanding share of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.) shall grant its holder one free-of-charge allocation right.

The number of free-of-charge allocation rights required to receive one New Share in each of the Increases in Capital shall be automatically determined according to the ratio existing between the number of outstanding shares of the Company on the date of Implementation of the relevant Increase in Capital (TNShrs.) and the provisional number of New Shares, calculated by using the formula contained in section 4.1 above. Specifically, the holders of free-of-charge allocation rights shall be entitled to receive one New Share for the number of free-of-charge allocation rights held by them, which shall be determined as provided in section 4.1 above (Num. rights).

In the event that the number of free-of-charge allocation rights required for the allocation of one New Share (Num. rights) multiplied by the number of New Shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.), the Company (or such entity within its group, if any, as holds shares of the Company) shall waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares be a whole number and not a fraction.

The free-of-charge allocation rights shall be allocated to those who are registered as being entitled thereto in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. In this regard, Iberdrola will waive the free-of-charge allocation rights corresponding to the shares of the Company that have been redeemed prior to the date of Implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) because the corresponding public instrument formalising the implementation of the resolution on the reduction in capital, the approval of which is submitted to the shareholders at the General Shareholders’ Meeting under item 13 on the Agenda, has not yet been executed or is still pending registration.

The free-of-charge allocation rights shall be transferable upon the same terms as the shares from which they derive. The free-of-charge allocation rights may be traded on the market during such term as is established by the Board of Directors (with express power of substitution) in implementing the relevant Increase in Capital, which term shall not be less than fourteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares. Notwithstanding the foregoing, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring party the right to choose to receive the corresponding Dividend (or, if applicable, to enforce the Purchase Commitment and receive the Fixed Purchase Price). Therefore, the new holders of these free-of-charge allocation rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for



this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Therefore, during the trading period for the free-of-charge allocation rights, subject to any other terms and conditions established by the Board of Directors (with express power of substitution), the holders of free-of-charge allocation rights may choose between:

- (a) receiving their remuneration in New Shares, in which case, at the end of the period for trading the free-of-charge allocation rights, they shall be allocated the New Shares to which they are entitled pursuant to the terms and conditions of the implementation of the Increase in Capital in question;*
- (b) transferring all or part of their free-of-charge allocation rights on the market, in which case the consideration that the holders of the free-of-charge allocation rights will receive for the sale thereof will depend on market conditions in general and on the listing price of said rights in particular; or*
- (c) only during the Common Election Period determined by the Board of Directors (with express power of substitution), receiving their remuneration in cash by collecting the corresponding Dividend (or, if applicable, by collecting the Fixed Purchase Price), for which purpose the shareholders shall be required to make an express election in this regard. The shareholders may choose to receive their cash remuneration with respect to all or part of their shares.*

In this case, it shall be deemed that those choosing to receive their remuneration in cash with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and the ability to transfer them on the market. To this end, the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) will block said free-of-charge allocation rights, which may not be transferred on the market and which shall automatically expire at the end of the trading period, without the holders thereof being entitled to receive New Shares.

As mentioned above, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring parties the right to choose to receive the Dividend (nor, if applicable, the Fixed Purchase Price). Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.

Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holders of free-of-charge allocation rights to communicate to the entities with which their rights are deposited their preferences regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. Iberdrola assumes no liability for any failure to adhere to this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or accepting them after the passage of said period, or for any other reason), such that any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

4.3 Balance sheet for the transaction and reserve with a charge to which the Increases in Capital are carried out

The balance sheet used as a basis for the two Increases in Capital is the one for the financial year ended 31 December 2021, duly audited and submitted to the shareholders for approval at this General Shareholders’ Meeting under item 1 on the agenda.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the Companies Act. When implementing each of the Increases in Capital, the Board of Directors (with express power of substitution) shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

4.4 Representation of the New Shares

The New Shares will be represented by book entries, the book-entry registration of which is entrusted to “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) and its participants.

4.5 Rights attaching to the New Shares

As from the date on which the relevant Increase in Capital is declared to be subscribed and paid up, the New Shares shall grant the holders thereof the same financial, voting and like rights as the ordinary shares of the Company then outstanding.

4.6 Shares on deposit

Once the period for trading the free-of-charge allocation rights during each of the Increases in Capital has ended, the New Shares that could not be allocated for reasons not attributable to the Company shall be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three years have passed from the end of each of the periods for trading the free-of-charge allocation rights, the New Shares issued by virtue of the relevant Increase in Capital that are still pending allocation may be sold in accordance with the provisions of Section 117 of the Companies Act, at the expense



and peril of the interested parties. The cash amount from such sale shall be deposited with Banco de España or with Caja General de Depósitos at the disposal of the interested parties.

4.7 Application for admission to trading

The Company shall make application for trading the New Shares to be issued as a consequence of each of the Increases in Capital on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market), and shall carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to trading of the New Shares issued as a result of each of the approved Increases in Capital, with an express statement for the record of the Company's submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued trading and removal from trading on official markets.

Any subsequent request for removal from trading of the shares of the Company shall be adopted with the same formalities as those that apply to the application for trading and, in such event, the interests of the shareholders opposing or not voting on the resolution to remove shall be safeguarded, in compliance with the requirements set out by applicable law at such time.

5. Application of the "Iberdrola Retribución Flexible" optional dividend system. Implementations

Within a period of one year from the date of approval of this resolution, the Board of Directors (with express power of substitution) may set the date on which each of the Implementations must be carried out and set the terms and conditions thereof as to all matters not provided for in this resolution (including, in particular, the Amount of the Option corresponding to each of the Implementations and the Supplementary Dividend).

Furthermore, it is expected that prior to 31 December 2022, the Board of Directors will determine the Interim Dividend to be paid for purposes of the Second Implementation as well as the other conditions applicable to the Interim Dividend, pursuant to the provisions of Section 277 of the Companies Act. To this end, and in accordance with the provisions of Section 161 of the Companies Act, the shareholders acting at this General Shareholders' Meeting hereby instruct the Board of Directors, if the requirements established in Section 277 of the Companies Act are met, to approve the payment of the Interim Dividend and set the terms and conditions applicable to the corresponding Dividend Payment, all in order to carry out the Second Implementation.

Notwithstanding the foregoing, if the Board of Directors (with express power of substitution) does not deem it advisable to carry out one or both Implementations, in whole or in part, within the aforementioned period, it may refrain from doing so, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting.

Specifically, the Board of Directors (with express power of substitution) shall analyse and take into account the market conditions, the circumstances of the Company itself or those deriving from an event that has social or financial significance for the Company, and if these or other factors make it inadvisable, in its opinion, to carry out one or both Implementations, it may refrain from doing so. In addition, the resolutions of the shareholders at this General Shareholders' Meeting relating to the Supplementary Dividend and to the Increases in Capital shall be deprived of any and all effect in the event that the Board of Directors does

not exercise the powers delegated thereto or, in the case of the Second Implementation, does not approve the payment of the Interim Dividend or honour the Purchase Commitment, within a period of one year from approval of the resolutions.

Once the period for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital has ended, the following shall apply:

- (a) *The New Shares shall be allocated to those who, according to the book-entry records maintained by “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) and its participants, are the holders of free-of-charge allocation rights in the proportion resulting from section 4 above due to not having waived them upon the terms set forth above.*
- (b) *The period for trading the free-of-charge allocation rights shall be declared to have ended and the appropriation of the account(s) with a charge to which the relevant Increase in Capital will be implemented shall be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.*
- (c) *The Company shall pay the Supplementary Dividend or the Interim Dividend (or, if the requirements of Section 277 of the Companies Act are not met within the framework of the Second Implementation, the Fixed Purchase Price), as applicable, to the shareholders that have expressly chosen this remuneration option within the period and subject to the terms and conditions determined for these purposes by the Board of Directors (with express power of substitution), pursuant to the provisions of section 2 above.*

Likewise, once each of the periods for trading the free-of-charge allocation rights has ended, the Board of Directors (with express power of substitution) shall adopt the resolutions required to amend the By-Laws so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the relevant Increase in Capital, and to make application for trading of the resulting New Shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market).

6. Delegation to carry out each of the Implementations

In particular, and by way of example only, the following powers are delegated to the Board of Directors (with express power of substitution):

- (a) *To set the date on which each of the Implementations must be carried out, which shall in any case be within a period of one year from the approval of this resolution, and to determine the specific schedule for each of the Implementations.*
- (b) *As regards each of the Implementations, to set the Amount of the Option, the amount of the Supplementary Dividend (in the case of the First Implementation), the number of New Shares and the number of free-of-charge allocation rights necessary for the allocation of one New Share, applying the rules established by this resolution for such purpose.*
- (c) *To determine the reserve(s), among those contemplated in this resolution, with a charge to which each of the Increases in Capital will be implemented.*



- (d) *To designate the company or companies that will assume the duties of agent and/or financial adviser in connection with each of the Implementations, and sign all required contracts and documents for such purpose. In particular, to appoint the entity that must act as paying agent in each of the Dividend Payments.*
- (e) *To set the duration of the periods for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital.*
- (f) *As regards each of the Implementations, to set the specific duration of the Common Election Period and the terms and conditions under which the shareholders may state their preferences regarding the receipt of their remuneration (in cash or in New Shares).*
- (g) *After the Common Election Period for each Implementation has ended, to determine the aggregate gross amount in euros corresponding to the Dividend Payment in question and to make payment thereof through the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR).*
- (h) *To declare the Increases in Capital to be closed and implemented, for such purpose setting the number of New Shares actually allocated in each of them, and therefore the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting, as well as declare, if applicable, the existence of an incomplete allocation of each of the Increases in Capital.*
- (i) *To rescind the resolution on payment of the corresponding Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive New Shares.*
- (j) *In the case of the First Implementation, to determine the aggregate total amount to be paid as a dividend with a charge to the results for the financial year ended 31 December 2021 pursuant to the provisions of item 10 on the agenda (i.e. the final amount of the Supplementary Dividend), to specify, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2021.*
- (k) *In the case of the First Implementation and if the Board of Directors, with express power of substitution, does not deem it appropriate to implement the First Implementation, in whole or in part, during said period, to determine the aggregate total amount that has been paid as a dividend with a charge to the results for the financial year ended 31 December 2021 (which shall be equal to the total amount paid on account of the dividend for said financial year), to specify the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2021.*
- (l) *To amend the article of the By-Laws setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the relevant Increase in Capital.*
- (m) *To waive, if appropriate, and in each of the Increases in Capital, free-of-charge allocation rights to subscribe New Shares for the sole purpose of facilitating that the*

number of New Shares be a whole number and not a fraction, as well as any free-of-charge allocation rights allocated to shares of the Company that have been redeemed prior to the date of implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) because the corresponding public instrument formalising the implementation of the resolution approving the reduction in capital, the approval of which is submitted to the shareholders at the General Shareholders’ Meeting under item 13 on the agenda, has not yet been executed or is still pending registration.

- (n) If the Purchase Commitment must be honoured within the framework of the Second Implementation due to the requirements of Section 277 of the Companies Act for the payment of the Interim Dividend not having been met, to determine the acquisition by the Company of the corresponding free-of-charge allocation rights, set the period of time during which the Purchase Commitment will be in effect (within the limits established in the resolutions), honour the Purchase Commitment by paying the corresponding amounts to the shareholders who have accepted said commitment, waive the free-of-charge allocation rights owned by the Company at the end of the trading period of the Second Implementation as a result of the Purchase Commitment, and thus the New Shares corresponding to such rights, and take any other measures or actions needed to fully honour the Purchase Commitment.*
- (o) To take all steps required for the New Shares to be included in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) and admitted to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges through the Automated Quotation System (Continuous Market) after each of the Increases in Capital.*
- (p) To take any actions that are necessary or appropriate to implement and formalise each of the Increases in Capital before any Spanish or foreign public or private entities or agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.*
- (q) To approve and implement such technical or other mechanisms as “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR) and the IBERCLEAR participants may deem necessary or appropriate in order to make any corresponding payment on account.*

7. Sample calculation relating to the First Implementation

Set out below, solely for purposes of facilitating an understanding of the application hereof, is a sample calculation, in the case of the First Implementation, of the maximum number of new shares to be issued in the increase in capital submitted for the approval of the shareholders at the General Shareholders’ Meeting under item 11 on the agenda, of the maximum nominal value of such increase, of the number of free-of-charge allocation rights required for the allocation of one new share and of the Dividend (which in this First Implementation would be the Supplementary Dividend).



The results of these calculations are not representative of those that might ultimately be obtained, which, in the case of the First Implementation, will depend on the different variables used in the formulas (basically, the listing price of Iberdrola shares at that time (ListPri) and the Amount of the Option, as determined by the Board of Directors (with express power of substitution) in exercise of the power delegated by the shareholders at the General Shareholders' Meeting).

Solely for the purposes of this example:

- The Amount of the Option is €1,761 million.
- The TNShrs. is 6,240,000,000³.
- A ListPri of €11.005 is assumed (solely for the purposes of this example, the listing price of the Iberdrola shares at the closing of the trading session of 4 May 2022 has been used as a reference).

Therefore:

Provisional number of shares = Amount of the Option / ListPri	$1,761,000,000 / 11.005 = 160,018,173.557474 = 160,018,173$ shares (rounded downwards)
Num. rights = TNShrs. / Provisional number of shares	$6,240,000,000 / 160,018,173 = 38.9955708343202000 = 39$ rights (rounded upwards)
NNS = TNShrs. / Num. rights	$6,240,000,000 / 39 = 160,000,000$ shares
Dividend = ListPri / (Num. rights + 1)	$11.005 / (39 + 1) = 0.27512500000000 = 0.275$ euro (rounded to the closest one-thousandth part of one euro)

Therefore:

- (i) The maximum number of shares to be issued in the First Implementation would be 160,000,000.
- (ii) The maximum nominal amount of the increase in capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda would be €120,000,000.00 (160,000,000 x 0.75).

³ For purposes of this example, it is assumed that this would be the total number of shares of the Company outstanding after the implementation of the reduction in capital provided for in the resolution corresponding to item 13 on the agenda if it is implemented in the total maximum amount thereof (i.e. 6,240,000,000 outstanding shares of the Company).

- (iii) *39 free-of-charge allocation rights (or Old shares) would be necessary for the allocation of one new share⁴.*
- (iv) *In this example, the Supplementary Dividend would be equal to 0.275 euro (gross) per share.”*

In Bilbao, on 10 May 2022

⁴ In this example, the Company (or an entity of its group that holds shares of the Company) would not be required to waive any free-of-charge allocation rights.

GENERAL SHAREHOLDERS' MEETING

17 June 2022



Report of the Board of Directors

Proposed reduction in capital

REPORT AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED REDUCTION IN SHARE CAPITAL BY MEANS OF THE REDEMPTION OF OWN SHARES INCLUDED IN ITEM 13 ON THE AGENDA FOR THE 2022 GENERAL SHAREHOLDERS' MEETING

1. Object of the report

This report has been prepared by the Board of Directors of IBERDROLA, S.A. (“**Iberdrola**” or the “**Company**”) pursuant to the provisions of Sections 286 and 318 of the *Companies Act (Ley de Sociedades de Capital)*, in order to provide a rationale for the proposed reduction in share capital by means of the redemption of own shares (the “**Reduction in Capital**”) being submitted for the approval of the shareholders at the General Shareholders’ Meeting under item 13 on the agenda.

Pursuant to such sections of the *Companies Act*, to the extent that the Reduction in Capital entails the amendment of Article 10 of the *By-Laws* setting the share capital, the Board of Directors must prepare a report with the rationale for the proposal being submitted to the shareholders at the General Shareholders’ Meeting.

2. Purpose of and rationale for the proposal

Pursuant to the provisions of the *Shareholder Remuneration Policy*, the Company maintains a strategy for growth in such remuneration in line with the increase in results, with a payout of between 65% and 75% of net profits attributed to the Company in its consolidated annual financial statements, which since 2018 has been implemented through the “Iberdrola Retribución Flexible” optional dividend system, and which consists of the implementation of increases in capital by means of scrip issues, combined with the ability of the shareholders to decide to receive all or part of their remuneration in cash, choosing in this case to receive a dividend instead of receiving shares.

The issue of new shares as a result of said increases in capital by means of scrip issues is offset with reductions in capital –such as the one now proposed, and such as those that the Company has implemented each year since 2013–, which are intended to maintain the number of outstanding shares of the Company at approximately 6,240 million.

This avoids dilution of the shareholders’ stake in the share capital and contributes to maintaining the profit per share of the Company, all of which benefits the shareholders.

Therefore, the Board of Directors has resolved to propose to the shareholders at the General Shareholders’ Meeting a reduction in capital that offsets the effects of the increases in share capital by means of scrip issues approved by the shareholders at the General Shareholders’ Meeting held on 18 June 2021 under items number eighteen and nineteen on the agenda¹ and which were implemented in July 2021 and January 2022, respectively. If the Reduction in Capital is ultimately approved, it is provided that the Company’s own shares in treasury will be redeemed, with a corresponding reduction in share capital by an

¹ And under the section entitled “Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number seventeen, eighteen and nineteen on the agenda, by virtue of which the new “Iberdrola Retribución Flexible” optional dividend system is implemented”.

amount equal to the nominal value of such shares, and that the number of outstanding shares will be established at the target figure of 6,240 million.

A portion of such own shares are held in treasury as at the close of the trading session on 9 May 2022, while the rest of the shares to be redeemed will be acquired no later than 10 June 2022 as a result of the settlement of the derivatives acquired by the Company prior to 10 May 2022, as well as within the framework of a programme for the buyback of up to 15 million own shares approved by the Board of Directors at its meeting held on 10 May 2022 pursuant to (a) *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures*; and (b) the authorisation granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item number twelve on the agenda (the "**Buy-back Programme**").

3. Main terms and conditions of the Reduction in Capital

It is proposed to reduce the share capital by the amount resulting from the sum of:

- (i) €114,062,864.25, through the redemption of 152,083,819 currently existing own shares held in treasury after the close of the trading session on 9 May 2022, each with a nominal value of €0.75, acquired under the authorisation granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item number twelve on the agenda and within the limits established by Section 146 and related provisions and Section 509 of the *Companies Act* (the "**Existing Treasury Shares**"); and
- (ii) the aggregate nominal value, up to the maximum amount of €34,109,385.75, of the own shares of the Company, each with a nominal value of €0.75, up to a limit of 45,479,181 own shares (the "**Overall Limit**"), that are acquired for their redemption both through the settlement, no later than 10 June 2022, of the derivatives acquired by the Company prior to 10 May 2022 (the "**Derivatives**"), and under the Buy-back Programme that will be in effect until no later than 10 June 2022.

Therefore, the maximum amount of the Reduction in Capital will be €148,172,250. The Reduction in Capital will be implemented through the redemption of a maximum of 197,563,000 own shares, each with a nominal value of €0.75, representing not more than 3.069% of the share capital at the time of the approval of the corresponding resolution by the shareholders at the General Shareholders' Meeting.

If the resolution regarding the Reduction in Capital covered by this report is adopted, the final amount of the reduction would be set by the Company's Board of Directors (with express power of substitution) depending upon the final number of shares acquired both by virtue of the settlement of the Derivatives and within the framework of the Buy-back Programme, provided they do not exceed the Overall Limit. If the Overall Limit is exceeded, there will be a redemption of all of the shares acquired pursuant to the Buy-back Programme as well as of the number of shares acquired as a result of the settlement of the Derivatives equal to the difference between the Overall Limit and the shares acquired in implementation of the Buy-back Programme. In this latter case, the remaining treasury shares acquired as a result of the settlement of the Derivatives will not be redeemed on occasion of the Reduction in Capital.

In addition, if the aforementioned resolution regarding the Reduction in Capital is approved, Article 10 of the *By-Laws* setting the share capital would be amended such that it reflects the new amount of share capital and the new number of outstanding shares (after deducting the number of own shares proposed to be redeemed).

The Reduction in Capital would not entail a return of contributions because the Company itself is the holder of the redeemed shares and it would be carried out with a charge to unrestricted reserves by funding a redeemed capital reserve in an amount equal to the nominal value of the redeemed shares; such reserve could only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by Section 335 c) of the *Companies Act*.

Therefore, in order to make the implementation as simple as possible, and under the provisions of Section 335 c) of the *Companies Act*, creditors would not be entitled to assert the right of objection contemplated by Section 334 of the *Companies Act*.

It is also proposed that the shareholders at the General Shareholders' Meeting ratify the acts performed to date by the Board of Directors in connection with the Buy-back Programme approved on 10 May 2022 and that they authorise the Board of Directors to implement the Reduction in Capital resolution (with express power of substitution pursuant to the provisions of Section 249 *bis.l* of the *Companies Act*) within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in the resolution approving the reduction or that are a consequence thereof and to approve the resolutions, publish the announcements, take the steps, and execute the public or private documents that may be required or appropriate for the successful implementation of the Reduction in Capital.

Specifically, it is proposed to authorise the Board of Directors, with express powers of substitution, to adopt the corresponding resolutions amending the *By-Laws* in order to reflect the new amount of share capital and the number of shares resulting from the Reduction in Capital, as well as to take the steps and carry out the formalities required to cause the exclusion from trading of the redeemed shares from the Spanish Stock Exchanges and the removal thereof from the book-entry registers once the resolution regarding the Reduction in Capital has been implemented.

4. Proposed resolution submitted to the shareholders at the General Shareholders' Meeting

The proposed resolution submitted to the shareholders for approval at the General Shareholders' Meeting reads as follows:

“ITEM 13 ON THE AGENDA

Reduction in capital by means of the redemption of a maximum of 197,563,000 own shares (3.069% of the share capital)

RESOLUTION

- 1. Reduction in capital by means of the redemption of both currently existing own shares held in treasury and of own shares to be acquired through the settlement of derivatives acquired prior to the date of formulation of this proposed resolution through a buy-back programme for the redemption thereof***

To reduce the share capital of IBERDROLA, S.A. (the “Company”) by the amount resulting

from the sum of:

- i. €114,062,864.25 through the redemption of 152,083,819 currently existing own shares held in treasury after the close of the trading session on 9 May 2022, each with a nominal value of €0.75, acquired under the authorisation granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item number twelve on the agenda and within the limits established by Section 146 and related provisions and Section 509 of the Companies Act (the "**Existing Treasury Shares**"); and
- ii. the aggregate nominal value, up to the maximum amount of €34,109,385.75, of the own shares of the Company, each with a nominal value of €0.75, up to a limit of 45,479,181 own shares (the "**Overall Limit**"), that are acquired for their redemption both through the settlement, no later than 10 June 2022, of the derivatives acquired by the Company prior to 10 May 2022 (the "**Derivatives**") and under the programme for the buy-back of up to 15 million own shares that will be in effect until no later than 10 June 2022 and that was approved by the Board of Directors on 10 May 2022 (the "**Buy-back Programme**"), under (a) the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and of Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures; and (b) the aforementioned authorisation granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item number twelve on the agenda.

Consequently, the maximum amount of the reduction in capital (the "**Reduction in Capital**") shall be €148,172,250, through the redemption of a maximum of 197,563,000 own shares, each with a nominal value of €0.75, representing not more than 3.069% of the share capital at the time this resolution is approved.

As set out below, the final amount of the Reduction in Capital will be set by the Company's Board of Directors (with express power of substitution) depending upon the final number of shares acquired both as a result of the settlement of the Derivatives and within the framework of the Buy-back Programme, provided they do not exceed the aforementioned Overall Limit. If the Overall Limit is exceeded, there will be a redemption of all of the shares acquired pursuant to the Buy-back Programme, as well as of the number of shares acquired as a result of the settlement of the Derivatives equal to the difference between the Overall Limit and the shares acquired in implementation of the Buy-back Programme. In this latter case, the remaining treasury shares acquired as a result of the settlement of the Derivatives will not be redeemed on occasion of the Reduction in Capital.

Once the Board of Directors (or the body acting by delegation therefrom) has determined the final amount of the Reduction in Capital, Article 10 of the By-Laws setting the share capital would be amended such that it reflects the new amount of share capital and the new number of outstanding shares.

2. **Procedure for acquisition of the shares that will be redeemed under the Buy-back Programme**

Without prejudice to the Existing Treasury Shares, and in accordance with the resolution approved by the Board of Directors at its meeting of 10 May 2022, the Company may, by way of implementation of the Buy-back Programme for all of the shareholders, acquire a maximum number of 15 million own shares for their redemption, each of such own shares

having a nominal value of €0.75 and representing a maximum of 0.233% of the share capital of the Company on the date of approval of this resolution, which number is within the legal limit and the limit provided for in the authorisation for the acquisition of own shares granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item number twelve on the agenda.

As provided in the aforementioned resolution of the Board of Directors, the own shares shall be acquired subject to such terms as to price and volume as are established in Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and in Articles 2, 3 and 4 of Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

In accordance with the foregoing, pursuant to Section 340.3 of the Companies Act, if the Company fails to acquire the maximum number of 45,479,181 own shares, each with a nominal value of €0.75, both through the settlement, no later than 10 June 2022, of the Derivatives and under the Buy-back Programme, it shall be understood that the share capital is reduced by the sum of (i) the amount corresponding to the Existing Treasury Shares, and (ii) the amount corresponding to the sum of the shares effectively acquired within the framework of the Buy-back Programme and pursuant to the settlement of the Derivatives no later than 10 June 2022.

3. Procedure for the reduction and reserves with a charge to which it is carried out

Pursuant to the provisions of Section 342 of the Companies Act, the Reduction in Capital must be implemented within one month following the expiration of the Buy-back Programme.

The Reduction in Capital does not entail a return of contributions to the shareholders because the Company itself is the holder of the shares being redeemed, and it shall be carried out with a charge to unrestricted reserves by funding a redeemed capital reserve in an amount equal to the nominal value of the redeemed shares; such reserve may only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by Section 335 c) of the Companies Act.

Therefore, in accordance with the provisions of such section, creditors of the Company will not be entitled to assert the right of objection contemplated by Section 334 of the Companies Act in connection with the Reduction in Capital.

4. Ratification of the resolutions of the Board of Directors

To ratify the resolutions of the Board of Directors regarding the approval of the Buy-back Programme and the establishment of the terms and conditions thereof, including the determination of the maximum number of shares to be acquired within the framework and the effective period thereof, as well as to ratify the acts, statements and formalities carried out through the date hereof in connection with the public communication of the Buy-back Programme.

5. Delegation of powers

To delegate to the Board of Directors, with express power of substitution, the powers necessary to implement this resolution within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are

not expressly set forth in this resolution or that are a consequence hereof. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

- (a) *To modify the maximum number of shares that may be bought back by the Company, within the limits set in this resolution and by law, as well as any other terms and conditions of the Buy-back Programme, all in accordance with the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and in Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.*
- (b) *To perform any acts, make any statements or take any steps that may be required in connection with the public communication of the Buy-back Programme and with the formalities, if any, that must be carried out at Spanish regulatory agencies and Stock Exchanges; negotiate, agree to and sign all contracts, agreements, commitments or instructions that may be necessary or appropriate for the successful completion of the Buy-back Programme.*
- (c) *To cause all announcements required by law to be published, acquire the shares under the Buy-back Programme and redeem them within one month following the expiration of the Buy-back Programme, in accordance with the terms approved herein.*
- (d) *To declare the approved Reduction in Capital to be completed and implemented, establishing, for such purpose, the final number of shares that must be redeemed and, as a result, the amount by which the share capital of the Company must be reduced in accordance with the rules specified in this resolution.*
- (e) *To set the final amount of the Reduction in Capital based on the provisions of this resolution and establish any other terms that may be required to implement it, including, without limitation, the setting of the unrestricted reserves account that will be used to fund the redeemed capital reserve, all in accordance with the terms and conditions set forth above.*
- (f) *To amend Article 10 of the By-Laws setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the Reduction in Capital.*
- (g) *To take such steps and carry out such formalities as may be required and submit such documents as may be necessary to the competent bodies such that, once the shares of the Company have been redeemed and the notarial instrument for the Reduction in Capital has been executed and registered with the Commercial Registry, the redeemed shares are delisted from the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), and they are removed from the corresponding book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR).*
- (h) *To perform all acts that may be necessary or appropriate to implement and formalise the Reduction in Capital before any Spanish or foreign public or private entities and agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.*

Pursuant to the provisions of Section 249 bis I) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.”

In Bilbao, on 10 May 2022

GENERAL SHAREHOLDERS' MEETING

17 June 2022



Report of the Board of Directors

Ratification of appointments
and re-election of directors

MASTER REPORT OF THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RATIFICATION OF THE APPOINTMENTS AND RE-ELECTION OF DIRECTORS INCLUDED IN ITEMS 15 TO 17 ON THE AGENDA FOR THE 2022 GENERAL SHAREHOLDERS' MEETING

1. Object of the report

This explanatory report has been prepared by the Board of Directors of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) in accordance with the provisions of Section 529 *decies* of the *Companies Act (Ley de Sociedades de Capital)* in relation to the following proposals being submitted to the shareholders at the General Shareholders' Meeting:

- the re-election of Mr Anthony L. Gardner with the classification of independent director;
- the ratification of the interim appointment (co-option) and re-election of Ms María Ángeles Alcalá Díaz as an independent director; and
- the ratification of the interim appointment (co-option) and re-election of Ms Isabel García Tejerina as an independent director.

The Appointments Committee prepared the corresponding proposals regarding the aforementioned re-elections and ratifications of appointments on 10 May 2022 upon the terms of the documents annexed to this report, which documents contain the information required by Article 14.2.d) of the *Regulations for the General Shareholders' Meeting* in relation to the candidates.

Said proposals fall within the selection criteria (particularly skills, knowledge and experience) defined by the Appointments Committee, which also examines the appropriateness of each re-election prior to the end of the term for which a director was appointed and, if relevant, evaluates the quality of their work and dedication to the position during the preceding term of office.

Therefore, with the advice of the Appointments Committee, the Board of Directors finds that the process of re-election of the candidates does not suffer from implicit bias that might entail any kind of discrimination.

Furthermore, said proposals strengthen the high level of independence of the Board of Directors to better perform the duties entrusted thereto as well as the diversity of skills, knowledge, experience, origin, nationality, age and gender in accordance with the Sustainable Development Goals (SDGs) approved by the United Nations (UN), particularly goal five relating to the empowerment of women.

Along these lines, with the proposals submitted to the shareholders at the General Shareholders' Meeting, the Board of Directors would be comprised of fourteen directors, one of whom would be classified as executive (7.14% of the total number of directors), ten of whom would be classified as independent (71.43% of the total) and three as other external (21.43% of the total).

Finally, in the area of gender diversity, if the proposals are approved, the percentage of women on Iberdrola's Board of Directors would remain at 43%, a figure that exceeds the recommendation set forth in the *Good Governance Code of Listed Companies*.

2. Competence, experience and merits of Mr Anthony L. Gardner, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting

The competence, experience and merits of Mr Anthony L. Gardner, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the proposal of the Appointments Committee attached to this report.

Based on the information set out in the aforementioned proposal submitted by the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has valued quite favourably Mr Gardner's extensive international experience and professional career, both in the public sector, which gives him sound knowledge of the operation of public institutions and of the regulatory framework in which the Company and its group do business, and in the private sector, as he has held management positions and advised companies in various fields, in areas such as venture capital and mergers and acquisitions.

Furthermore, his proven experience in Euro-US relations acquired during more than twenty years of work, the United States of America being one of the most significant geographical areas in which the Iberdrola group is present and does business, as well as his education and his in-depth and well-versed knowledge of the Company, of its group and of its businesses obtained during his previous term of office at Iberdrola, position Mr Gardner as a suitable candidate for the position of director of the Company and will allow him to continue to contribute quite positively to the operation of this corporate decision-making body.

The Board of Directors has also taken into account the good results obtained by the candidate in the regular evaluations of his performance as a director of Iberdrola.

Mr Gardner has been proposed based on the personal and professional qualities thereof. In particular, the Appointments Committee has verified that the candidate can perform the duties thereof without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus making the candidate deserving of the classification of independent director.

3. Competence, experience and merits of Ms María Ángeles Alcalá Díaz, whose interim appointment (co-option) and re-election as a director are submitted for ratification to the shareholders at the General Shareholders' Meeting

The competence, experience and merits of Ms María Ángeles Alcalá Díaz, whose interim appointment (co-option) and re-election as a director are submitted for ratification to the shareholders at the General Shareholders' Meeting, are described in detail in the proposal of the Appointments Committee attached to this report.

Based on the information set out in the aforementioned proposal submitted by the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

In particular, the Board of Directors has very favourably assessed the candidate's extensive experience and professional career in the area of commercial law, both in the academic sector and in legal advice to companies, and her knowledge regarding the operation of

Spanish public institutions, which culminated in her leadership of the General Directorate for Registers and Notaries (now called the General Directorate for Legal Protection and Certification) of the Ministry of Justice.

Her training and in-depth and well-versed knowledge of the Company, of its group and of the businesses thereof will allow her to continue to contribute quite positively to the operation of this corporate decision-making body. Particularly noteworthy is the candidate's experience as a director of "Neoenergia S.A." and of "Iberdrola España, S.A." (Sociedad Unipersonal), country subholding companies that group together the Iberdrola group's energy businesses in Brazil and Spain, respectively.

The Board of Directors has also taken into account the good results obtained by Ms Alcalá Díaz in the regular evaluation of her performance as a director of Iberdrola.

The candidate has been proposed based on the personal and professional qualities thereof. In particular, the Appointments Committee has verified that the candidate can perform the duties thereof without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus making the candidate deserving of the classification of independent director.

4. Competence, experience and merits of Ms Isabel García Tejerina, whose interim appointment (co-option) and re-election as a director are submitted for ratification to the shareholders at the General Shareholders' Meeting

The competence, experience and merits of Ms Isabel García Tejerina, whose interim appointment (co-option) and re-election as a director are submitted for ratification to the shareholders at the General Shareholders' Meeting, are described in detail in the proposal of the Appointments Committee attached to this report.

Based on the information set out in the aforementioned proposal submitted by the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has noted her training, her extensive experience and her long professional career (particularly in the fields of sustainability and the environment and in consultancy and strategic planning), as well as her in-depth and well-versed knowledge of the operation of Spanish public institutions and relations therewith, and of the activities of the Company and its group and its internal procedures, which will allow her to contribute quite positively to the operation of this corporate decision-making body.

With regard to the above, the Board of Directors has very positively assessed the knowledge and experience of Ms Isabel García Tejerina:

- in a priority aspect of the Iberdrola group's business, namely sustainable development and environmental protection, acquired, among things, after having served as Minister of Agriculture and Fisheries, Food and Environment of the Government of Spain between 2014 and 2018, being responsible for national climate change policy and international negotiations in this area, as Secretary General of Agriculture and Food, and as Vice-Chair of the High-Level Inter-Ministry Working Group for the 2030 Agenda.
- acquired throughout her professional career at the Iberdrola group, having held the position of independent director at the country subholding company "Neoenergia,

S.A.”, which has allowed her to gain first-hand knowledge of the operation of that corporate decision-making body and the main challenges and opportunities of the energy sector in one of its key markets, Brazil.

The candidate has been proposed based on the personal and professional qualities thereof. In particular, the Appointments Committee has verified that the candidate can perform the duties thereof without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus making the candidate deserving of the classification of independent director.

5. Contribution of the proposed candidates to the diversity of skills, knowledge, experience, origin, nationality, age and gender within the Board of Directors

Considered as a whole, the three candidates allow for a strengthening of the diversity of skills, knowledge, experience, origin, nationality, age and gender in the composition of the Board of Directors required for the best performance of the duties thereof, in accordance with the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

On the one hand, as described in the proposals of the Appointments Committee attached hereto, the three candidates have specific and appropriate knowledge to hold the position of director of the Company, as well as experience in the main countries and sectors in which the Iberdrola group does business, and they are respectable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability and commitment to the duties of said position.

On the other hand, Mr Gardner's US citizenship contributes to the diversity of origins and nationalities, and the appointments of Ms Alcalá Díaz and Ms García Tejerina favour a greater presence of the under-represented gender on the board and thus enhance gender diversity within the Board of Directors.

In addition, all of the candidates are upstanding professionals, whose conduct and professional track record are aligned with the principles set forth in the *Code of Ethics* and with the purpose and values of the Iberdrola group established in the *Purpose and Values of the Iberdrola group*. The Appointments Committee has also verified that none of them have directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Furthermore, the proposed re-elections of the candidates help achieve a diverse and balanced composition of the Board of Directors as a whole, based on the nature and complexity of the businesses of the Iberdrola group as well as the social and environmental context in which it has a presence.

Specifically, the various professional profiles and backgrounds of the candidates ensure the contribution of multiple viewpoints and guarantee an enriching debate and a decision-making process without implicit biases, and contribute quite positively to the operation of the Board of Directors.

Finally, it is stated for the record that all of the candidates have sufficient knowledge of the Spanish and English languages to be able to perform their duties.

6. Proposed resolutions

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting read as follows:

"ITEM 15 ON THE AGENDA

Re-election of Mr Anthony L. Gardner as an independent director

RESOLUTION

To re-elect Mr Anthony Luzzatto Gardner as a director, upon a proposal of the Appointments Committee, for the by-law mandated four-year term and with the classification of independent director.

ITEM 16 ON THE AGENDA

Ratification and re-election of Ms María Ángeles Alcalá Díaz as an independent director

RESOLUTION

To ratify the appointment of Ms María Ángeles Alcalá Díaz as a director (appointed on 26 October 2021 on an interim basis (co-option) by resolution adopted by the Board of Directors, upon a proposal of the Appointments Committee), and to re-elect her, also upon a proposal of the Appointments Committee, for the bylaw-mandated four-year term, with the classification of independent director.

ITEM 17 ON THE AGENDA

Ratification and re-election of Ms Isabel García Tejerina as an independent director

RESOLUTION

To ratify the appointment of Ms Isabel García Tejerina as a director (appointed 16 December 2021 on an interim basis (co-option) by resolution adopted by the Board of Directors, upon a proposal of the Appointments Committee), and to re-elect her, also upon a proposal of the Appointments Committee, for the bylaw-mandated four-year term, with the classification of independent director.

ITEM 18 ON THE AGENDA

Setting of the number of members of the Board of Directors at fourteen

RESOLUTION

To set the number of members of the Board of Directors at fourteen."



7. Composition of the Board of Directors

If all proposed resolutions regarding the re-election of Mr Anthony L. Gardner and the ratification of the interim appointments (co-option) and re-election Ms Alcalá Díaz and Ms García Tejerina as directors of the Company submitted to the shareholders at the General Shareholders' Meeting under items 15 to 17 on the agenda are approved, the Board of Directors of Iberdrola would be made up of the following fourteen members:

Name	Position	Classification
Mr José Ignacio Sánchez Galán	Chairman & CEO	Executive
Mr Juan Manuel González Serna	First vice-chair and lead independent director	Independent
Mr Anthony L. Gardner	Second vice-chair	Independent
Mr Íñigo Víctor de Oriol Ibarra	Member	Other external
Ms María Helena Antolín Raybaud	Member	Other external
Mr Manuel Moreu Munaiz	Member	Independent
Mr Xabier Sagredo Ormaza	Member	Independent
Mr Francisco Martínez Córcoles	Member	Other external
Ms Sara de la Rica Goiricelaya	Member	Independent
Ms Nicola Mary Brewer	Member	Independent
Ms Regina Helena Jorge Nunes	Member	Independent
Mr Ángel Jesús Acebes Paniagua	Member	Independent
Ms María Ángeles Alcalá Díaz	Member	Independent
Ms Isabel García Tejerina	Member	Independent

In Bilbao, on 10 May 2022

ANNEX

PROPOSED RE-ELECTION OF MR ANTHONY L. GARDNER AS INDEPENDENT DIRECTOR OF IBERDROLA, S.A. FORMULATED BY THE APPOINTMENTS COMMITTEE

1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of “Iberdrola, S.A.” (the “**Company**”), the Appointments Committee (the “**Committee**”) is responsible for proposing to the Board of Directors the re-election of independent directors for submission to a decision by the shareholders at a General Shareholders’ Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for gathering adequate information regarding their personal qualities, experience, knowledge, effective availability and commitment to their duties.

Mr Anthony L. Gardner was appointed as a director of the Company for the bylaw-mandated four-year term at the General Shareholders’ Meeting held on 13 April 2018. Given that the term for which Mr Gardner was appointed ends during this financial year 2022, the Committee has examined the advisability of his re-election and has performed the verifications and evaluations referred to in Article 5, sections c) and d), of the regulations thereof.

Therefore, the purpose of this document is to gather the results of the work performed by the Committee relating to the potential re-election of Mr Anthony L. Gardner as a director of the Company with the classification of independent director.

2. Professional profile and biographical data of the candidate

Born in Washington D.C. (United States of America) in 1963.

Studied Government at Harvard University and International Relations at the University of Oxford, and also holds a degree in Law from Columbia Law School and a Master’s in Finance from London Business School.

Noteworthy experience for holding this position within the Company

He has been a member of the Sustainable Development Committee of the Company. He has also been a non-executive director of “Scottish Power, Ltd.” and a member of that company’s Audit and Compliance Committee.

Noteworthy experience in other industries

Mr Anthony L. Gardner was the US ambassador to the European Union from 2014 to 2017. Prior to that appointment, for six years he was the managing director at “Palamon Capital Partners”, a private equity firm based in London. He was also the director of one of the finance departments of “Bank of America” and of “GE Capital”, as well as director in the international acquisitions group of “GE International”. He has also worked as an attorney at international law firms in London, Paris, New York and Brussels.

Mr Gardner has dedicated more than twenty years of his career to US-European affairs, as a government official, lawyer and investor. As Director for European Affairs on the National

Security Council (1994-1995), he worked closely with the US Mission to the European Union to launch the New Transatlantic Agenda.

He previously worked with the Treuhandanstalt (German Privatisation Ministry) in Berlin, with the Stock Exchange Operations Committee in Paris and as secondee for the European Commission in Brussels.

He was also a member of the board of directors of “Brookfield Business Partners L.P.”, as well as adviser to the law firm “Sidley Austin LLP” and to the Bill & Melinda Gates Foundation.

Other current positions and professional activities

He is a managing partner of the Brookfield’s Private Equity Group, senior adviser to the consulting firm “Brunswick Group LLP” and a member of the advisory boards of the Centre for European Reform, the German Marshall Fund and the European Policy Centre.

3. Category to which the director candidate should belong

Mr Gardner has been proposed based on his personal and professional qualities, after verifying that he can discharge his duties without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus meriting the classification of independent director.

4. Availability

Before the beginning of each financial year, the Company’s Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this proposal, Mr Anthony L. Gardner does not hold shares of the Company.

6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Mr Anthony L. Gardner to the position of director, the Committee has evaluated the needs of the Company and of its group, taking into consideration the specific particularities of the businesses thereof and of the territories in which it does business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive experience in business management, like that of Mr Anthony L. Gardner, who has engaged in his professional activities in various countries in both the public and private spheres and in various industries, including the energy industry, while also having significant experience in EU-US relations acquired during more than twenty years of work. The Board of Directors should also have members with in-depth and well-versed knowledge of the Company, like

that of Mr Gardner, which will allow him to continue to contribute quite positively to the operation of the Board of Directors.

The Committee also quite favourably assesses the knowledge and experience of the candidate for re-election acquired during his extensive professional career and particularly as a director of the Company and member of some of the committees of the Board of Directors, as well as the continuation thereof, based on the positive evaluation of the candidate's performance and dedication to the position during the candidate's entire term of office, the strategic vision and decision-making capacity thereof, and the continued presence of a very valuable profile for the Board of Directors.

The re-election thereof will also contribute to strengthening the current high percentage of independent directors within the Company's Board of Directors.

The Committee has also taken into account that the candidate's profile and professional background will bring a pluralistic viewpoint to debate within the Board of Directors and enrich it, ensuring a decision-making process without implicit biases and positively favouring the operation thereof.

The Commission therefore considers the re-election of Mr Anthony L. Gardner as a director to be appropriate.

7. Verification of compliance with the requirements to be a director of the Company

The Committee quite favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

8. Conclusion

The Committee has unanimously decided (with Mr Gardner abstaining) to propose the re-election of Mr Anthony L. Gardner as a director of the Company, with the classification of independent director.



ANNEX

PROPOSED RATIFICATION AND RE-ELECTION OF MS MARÍA ÁNGELES ALCALÁ DÍAZ AS AN INDEPENDENT DIRECTOR OF IBERDROLA, S.A. FORMULATED BY THE APPOINTMENTS COMMITTEE

1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of “Iberdrola, S.A.” (the “**Company**”), the Appointments Committee (the “**Committee**”) is responsible for proposing to the Board of Directors the re-election of independent directors for submission to a decision by the shareholders at a General Shareholders’ Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for gathering adequate information regarding their personal qualities, experience, knowledge, effective availability and commitment to their duties.

By resolution of the Board of Directors dated 26 October 2021, Ms María Ángeles Alcalá Díaz was appointed as a director of the Company on an interim basis (co-option) until the first General Shareholders’ Meeting to be held thereafter. Given that the term for which Ms Alcalá Díaz was appointed as a director of Iberdrola ends on the day of the General Shareholders’ Meeting, which is expected to be held on 17 June 2022, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d), of the regulations thereof.

Therefore, the purpose of this document is to gather the results of the work performed by the Committee relating to the potential ratification of the interim appointment (co-option) and re-election of Ms María Ángeles Alcalá Díaz as a director of the Company, with the classification of independent director.

2. Professional profile and biographical data of the candidate

Born in Albacete (Spain) in 1962.

Degree in Law and PhD in Commercial Law from Universidad de Castilla-La Mancha.

Noteworthy experience for holding this position within the Company

Ms Alcalá Díaz was an independent director of the country subholding companies “Iberdrola España, S.A.” (Sociedad Unipersonal) (from 24 September 2020 to 25 October 2021) and “Neoenergía S.A.” (between 16 March and 25 August 2020), which has allowed her to gain first-hand knowledge of the operation of the Company’s group and the main challenges and opportunities of the energy sector in two of its key markets, Spain and Brazil.

Noteworthy experience in other industries

María Ángeles Alcalá Díaz is a professor of commercial law at Universidad de Castilla-La Mancha, where she has also held various institutional posts, including that of vice-chancellor for student affairs and general secretary as well as director of the Centre for Information and Employment Promotion.

She served as director general at the General Directorate of Registries and Notaries (now called General Directorate of Legal Security and Legal Authority for Attestations) of the Ministry of Justice from 2009 to 2011, a period during which she engaged in intense pre-legislative organisational and advisory work for said Ministry in the area of private law.

Since 2013 she has been an adviser to large companies in her capacity as Of Counsel at the law firm "Ramón y Cajal Abogados, S.L.P."

Ms Alcalá Díaz has extensive experience providing legal advice to companies through the preparation of reports and opinions and has participated in domestic and international research projects in various areas.

She has also engaged in research at the German universities of Freiburg, Hamburg and Berlin, as well as at the Max Planck Institut für Privatrecht in Hamburg, and has lectured and taught at the undergraduate, postgraduate and doctoral level at various universities and master's degree programmes.

She is the author of a large number of monographs, articles, specialised publications and compilations in areas like commercial law and particularly company law, corporate governance, commercial contracts, commercial distribution, securities markets and banking law.

Other current positions and professional activities

Ms María Ángeles Alcalá Díaz is a professor of commercial law at Universidad de Castilla-La Mancha, a director of "UCLM Emprende, S.L.U." and Of Counsel at the law firm "Ramón y Cajal Abogados, S.L.P."

3. Category to which the director candidate should belong

Ms Alcalá Díaz has been proposed based on her personal and professional qualities, after verifying that she can discharge her duties without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus meriting the classification of independent director.

4. Availability

Before the beginning of each financial year, the Company's Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this proposal, Ms María Ángeles Alcalá Díaz does not hold shares of the Company.

6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of ratifying the interim appointment (co-option) and re-electing Ms María Ángeles Alcalá Díaz to the position of director, the Committee has evaluated the needs of the Company and of its group, taking into consideration the specific particularities of the businesses thereof and of the territories in which it does business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive experience in the academic field and in the commercial law area and in providing legal advice to companies, with in-depth and well-versed knowledge of the Company and its group and the businesses thereof, like that possessed by Ms María Ángeles Alcalá Díaz, who is also knowledgeable about the operation of Spanish public institutions and relations therewith.

The Committee also highly values the candidate's knowledge and experience acquired throughout her professional career, and particularly as an independent director of "Iberdrola España, S.A." (Sociedad Unipersonal) and of "Neoenergía, S.A.", the country subholding companies of the energy businesses in Spain and Brazil, respectively.

The ratification and re-election of Ms Alcalá Díaz will also contribute to maintaining the already high percentage of independent directors and women on the Board of Directors, thus strengthening gender diversity on the Board. It would also strengthen the Company's commitment in favour of gender equality and contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), particularly SDG number five relating to the empowerment of women.

The Committee has also taken into account that the candidate's profile and professional background will bring a pluralistic viewpoint to debate within the Board of Directors and enrich it, ensuring a decision-making process without implicit biases and positively favouring the operation thereof.

Therefore, the Committee considers it advisable to ratify the interim appointment (co-option) of Ms María Ángeles Alcalá Díaz and the re-election thereof as a director.

7. Verification of compliance with the requirements to be a director of the Company

The Committee quite favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in the evaluation of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and

Sustainability System.

8. Conclusion

The Committee has unanimously decided to propose the ratification of the interim appointment (co-option) and the re-election of Ms María Ángeles Alcalá Díaz as a director of the Company, with the classification of independent director.



ANNEX

PROPOSED RATIFICATION AND RE-ELECTION OF MS ISABEL GARCÍA TEJERINA AS AN INDEPENDENT DIRECTOR OF IBERDROLA, S.A. FORMULATED BY THE APPOINTMENTS COMMITTEE

1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of “Iberdrola, S.A.” (the “**Company**”), the Appointments Committee (the “**Committee**”) is responsible for proposing to the Board of Directors the re-election of independent directors for submission to a decision by the shareholders at a General Shareholders’ Meeting, as well as for verifying that the director to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for gathering adequate information regarding their personal qualities, experience and knowledge and regarding their effective availability.

By resolution of the Board of Directors dated 16 December 2021, Ms Isabel García Tejerina was appointed as a director of the Company on an interim basis (co-option) until the first General Shareholders’ Meeting to be held thereafter. Given that the term for which Ms García Tejerina was appointed as a director of Iberdrola ends on the day of the General Shareholders’ Meeting, which is expected to be held on 17 June 2022, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d), of the regulations thereof.

Therefore, the purpose of this document is to gather the results of the work performed by the Committee relating to the potential ratification of the interim appointment (co-option) and re-election of Ms Isabel García Tejerina as a director of the Company, with the classification of independent director.

2. Professional profile and biographical data of the candidate

Born in Valladolid in 1968.

Degree in Agricultural Engineering from the Polytechnic University of Madrid, as well as a degree in Law from the University of Valladolid.

She also has a Master’s degree in European Communities from the Polytechnic University of Madrid and a Master’s degree in Agricultural Economics from the University of California (Davis).

She also participated in the Global Senior Management Programme of the Instituto de Empresa and the University of Chicago Graduate School of Business programme.

She participated in the High-Level Business Energy Course (*Curso Superior de Negocio Energético*) organised by the Club Español de la Energía.

Noteworthy experience for holding this position within the Company

Ms Isabel García Tejerina was an independent director of the country subholding company of the Company’s group in Brazil, “Neoenergia S.A.” (“**Neoenergia**”) between September

2020 and December 2021, as well as a member of its Finance, Remuneration and Succession, Audit and Sustainability committees, acting as chair of this last body. Holding these positions has allowed her to gain first-hand knowledge of both the operation of the group and the main challenges and opportunities of the energy sector in Brazil, one of its key markets.

Ms García Tejerina has a deep understanding of the operation of public institutions, acquired by holding the position of, among others, Minister of Agriculture and Fisheries, Food and Environment of the Government of Spain for a period of four years, between 2014 and 2018, and before that as Secretary General of Agriculture and Food (a position she held for more than ten years).

As Minister of Agriculture, Fisheries, Food and Environment, she was responsible for the national climate change policy and participated in and led numerous international negotiations in this field, having participated in United Nations (UN) Climate Summits, including the Paris Summit in December 2015. She was also vice-chair of the High-level Inter-Ministry Working Group for the 2030 Agenda.

She has also been the Director of Strategic Planning at the chemical fertiliser company "Fertiberia, S.A.", a member of the board of the Algerian commercial fertiliser manufacturing company "Fertial SPA" and of "Sociedad Estatal de Infraestructuras Agrarias del Norte", as well as a member of the Governing Board of the Spanish Ports System (*Puertos del Estado*).

She also has a long professional track record providing strategic advice to companies.

Noteworthy experience in other industries

Ms García Tejerina is an independent director and chair of the Innovation and Sustainability Committee and a member of the Audit Committee of "Primafrio, S.L.", an independent director and member of the Audit Committee of "Avanza Previsión Compañía de Seguros, S.A.", as well as a senior advisor at "Ernst & Young España, S.A." for sustainability issues and the agri-food sector.

Other information

She was awarded the Grand Cross of Charles III and was distinguished with the title of Commander of the Order of Agricultural Merit of France.

3. Category to which the director candidate should belong

Ms Isabel García Tejerina has been proposed based on her personal and professional qualities, after verifying that she can discharge her duties without being constrained by relationships with the Company, its significant shareholders or the members of its management team, thus meriting the classification of independent director.

4. Availability

Before the beginning of each financial year, the Company's Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this proposal, Ms Isabel García Tejerina is the holder of 64,959 shares of the Company, which represent approximately 0.001% of the share capital.

6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of ratifying the interim appointment (co-option) and re-electing Ms Isabel García Tejerina to the position of director, the Committee has evaluated the needs of the Company and of its group, taking into consideration the specific particularities of the businesses thereof and of the territories in which it does business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive experience in the sustainability, environmental and institutional fields, with in-depth and well-versed knowledge of the activities of the Company and its group and of the internal procedures thereof, aspects with which the profile of Ms Isabel García Tejerina is fully aligned.

In particular, the Committee highly values the candidate's knowledge and experience acquired throughout her professional career within the Company's group, as an independent director of Neoenergía, the country subholding company of the energy businesses in Brazil. Her knowledge and experience in the fields of sustainability, the environment and institutional relations, acquired from having held the position, among others, of Minister of Agriculture and Fisheries, Food and Environment of the Spanish Government, are also very positively valued.

The ratification and re-election of Ms García Tejerina will also contribute to maintaining the already high percentage of independent directors and women on the Board of Directors, thus strengthening gender diversity on the Board. It would also strengthen the Company's commitment in favour of gender equality and contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), particularly SDG number five relating to the empowerment of women.

The Committee has also taken into account that the candidate's profile and professional background will bring a pluralistic viewpoint to debate within the Board of Directors and enrich it, ensuring a decision-making process without implicit biases and positively favouring the operation thereof.

Therefore, the Committee considers it advisable to ratify the interim appointment (co-option) of Ms Isabel García Tejerina and the re-election thereof as a director.

7. Verification of compliance with the requirements to be a director of the Company

The Committee quite favourably values the profile, skills and experience of the candidate, and specifically such candidate's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the principles contained in the *Code of Ethics*

and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

8. Conclusion

The Committee has unanimously decided to propose the ratification of the interim appointment (co-option) and the re-election of Ms Isabel García Tejerina as a director of the Company, with the classification of independent director.