



Report on **tax transparency** of the Iberdrola Group

Financial year 2024

Our commitment to society

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Letter from the Chairman

Delivering transparent information is part and parcel of our culture, values and way of doing business. Guided by this premise, we are once again publishing this year our *Tax Transparency Report*, as a further show of our commitment to ensuring accountability to all our stakeholders.

This document describes the key aspects of our tax management model, which guides our tax actions based on the principles of prudence, responsibility, and social commitment, and which is also fully aligned with the *Purpose and Values of the Iberdrola Group*, the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*, and, naturally, the *Corporate Tax Policy*.

Iberdrola bases all of its tax activities on best international practices in tax reporting and compliance and on the very latest reporting and control standards, always seeking to build the confidence of our shareholders, customers and other interested parties.

Moreover, as a global company genuinely invested in the societies of all countries in which we provide our services, Iberdrola is aware of the importance of its tax contribution, which helps to shore up public finances and enable the provision of essential services to citizens and the development of infrastructure.

For this reason, our business growth is always accompanied by new ways of making tax contributions in all countries. More precisely, in a record year for investments - €17,000 million as a result of growing demand across all our markets- as well as for earnings and dividends, Iberdrola's tax contribution also reached an all-time high (led by Spain and Brazil), rising 8% to exceed €10,300 million. This amount is nearly double the Group's net profit and represents a daily tax contribution in excess of €28 million.

As a further show of our unwavering commitment to tax compliance, we consider it essential to have an equitable system based on stability and legal certainty and aligned with a more sustainable and efficient energy model. Only in this way can we ensure a robust framework that champions electrification as a way to reduce energy dependence and make the economies in which we operate more competitive. Notably, placing an excessive tax burden on our industry can reduce competitiveness, impact investments and increase our dependence on foreign energy, with the resulting consequences this would have on economic development, employment and national security.

This *Tax Transparency Report* unequivocally shows Iberdrola's pledge to continue contributing, with our investments and our business activity, to all of these purposes, while also helping to fill the public coffers to support social services, ultimately making our society a fairer, more prosperous, and more caring place.

Ignacio S. Galán

Chairman of Iberdrola

1. Iberdrola: electrifying the future

We promote electricity as a clean, autonomous, stable, safe and competitive source of energy

Global leader in smart grids and leader in renewables

Iberdrola, an international energy leader

A business model that allows for acceleration of the creation of value for everyone

Credibility, reliability and sustainable growth.

Iberdrola's business model aims to ensure a **reliable and environmentally-friendly supply of high-quality electricity** through a long-term sustainable industrial enterprise.

At Iberdrola, we have undergone a profound transformation, having successfully anticipated the current energy transition 20 years ahead of time in order to face the challenges of tomorrow and the need for a clean, reliable and intelligent business model.

With more than 120 years of history to its name, Iberdrola has cemented its status as a world energy leader and one of the largest private electricity companies measured by market capitalisation globally.

Today, Iberdrola's leadership is predicated on the smart grids, renewables and efficient storage businesses, coupled with a diversified portfolio of projects and markets, and a presence in countries with high credit ratings.

Electrification is the only way we can reduce energy dependence and make the economy more competitive

We champion an orderly and just transition: electrification is an unstoppable force

At Iberdrola, we are committed to spearheading the energy transition, a challenge we embraced more than 20 years ago. We are committed to the electrification of the economy and to the promotion of smart grids, renewable energy and technological innovation, all to ensure a better future for the generations to come.

As a company, we look toward the near future with a firm commitment to meeting the growing global demand for electricity through efficient energy sources that reduce emissions worldwide.

At year-end 2024, we had 56,668 MW of total installed capacity, with total net production of 132,499 GWh, supplying electricity to approximately 32 million users across dozens of countries.

We also have a market capitalisation of approximately €90,000 million, making us the largest utility in Europe and one of the three largest in the world.

Without grids there is no transition. We achieved record distributed electricity figures

In the history of energy, we have witnessed the age of coal and the age of oil. We are now moving rapidly into the age of electricity, in the knowledge that electricity will ultimately account for up to 50% of final energy consumption by 2050.

Electricity grids are at the heart of the energy transition as they enable the integration of new renewable capacity, ensuring reliable and quality supply and giving consumers access to all the advantages of digitalisation. Therefore, to support the development of electrification, in addition to increasing the generation capacity of renewables, it is essential to have the necessary smart grids so that our clean energy reaches consumers safely and efficiently in any country in the world.

For Iberdrola, grids are a key factor both for the electrification of the economy and for breathing fresh life into the territories in which it has a presence. Smart grids, along with renewable energy, are therefore key parts of our global strategy.

The Iberdrola Group operates one of the largest distribution systems in the world, with close to 1.4 million kilometres of distribution and transmission lines to provide a high quality and reliable service.

In 2024, we broke the record for distributed electricity —the energy we transport through our grids— reaching 238,164 GWh, up 1.9% on the previous year. This increase was largely due to the recovery of electricity demand in all areas where the company operates electricity grids, such as Spain, the United Kingdom, the United States and Brazil, and to the ongoing drive towards electrification.

We promote energy independence by championing renewable energy

Our commitment to renewable energy began more than two decades ago, as a central pillar on which to build our clean, reliable and intelligent business model, and today we are a world leader in renewable energy.

Clean energy is key to the energy transition, with the need to ramp up the growth of electrification through renewables to reduce reliance on fossil fuels.

In 2024, we also broke the record for renewable production, with approximately 83,300 GWh, 5% more than the previous year.

Meanwhile, our renewable installed capacity closed out 2024 on an all-time high of 44,478 MW, after adding 2,600 MW of new capacity during the period.

The Group now produces 100% emission-free energy in countries like the United Kingdom, Brazil, France, Italy, Germany, Poland, Portugal and Greece. In the case of Spain, emission-free production stands at 90%.

A firm commitment to take action today to ensure the best legacy for future generations

Strategic Plan 2024–2026: unprecedented levels of investment to boost the energy transition

Record investment of €17,000 million in 2024.

At Iberdrola, we continue to build together a healthier, more accessible energy model, based on electricity. To succeed in this task, in March 2024 we updated our commitments and doubled down on our investment strategy by undertaking to invest €41,000 million over the 2024–2026 period, focusing on the need to boost the electrification of the economy and anticipate new sources of electricity demand.

A strategic plan that targets investment in grids in markets with stable and predictable frameworks, and selective investment in renewables in the most valuable technologies, while increasing storage capacity and further optimising the customer portfolio.

In 2024, a total of €17,000 million in investments was made, comprising €12,000 million in organic growth (5% more than the previous year) and €5,000 million earmarked for the operations of Electricity North West and Avangrid.

Grids: driving change to achieve decarbonisation targets across the globe.

The decarbonisation of the economy and digital innovation bring with them new distribution networks known as ‘smart grids’, a key technological leap in our broader commitment to the energy transition.

We have set aside 60% of our net investment for 2026 (€21,500 million) to grids in the United States, the United Kingdom, Brazil and Spain. More than €6,500 million will be channelled into transmission lines.

Around €11,200 million was earmarked for grids in 2024, more than twice as much as in the previous year. Aside from the other investments we have planned, there will be a notable 54% growth in organic investments in the transmission segment, mainly in the United States and the United Kingdom.

Renewables: offshore wind, key to our future growth.

Two decades ago, the Iberdrola Group was a pioneer in onshore wind energy and now we are also leading the way in offshore wind power, one of the company's main growth drivers.

More than half of our investment in renewables (€15,500 million) is focused on offshore wind construction projects in the United States, the United Kingdom, France and Germany. The next biggest technologies in terms of investment are onshore wind and solar, accounting for 28% and 18% of total renewables respectively.

Notably, around €5,500 million was invested in renewables in 2024, with 2,600 MW of installed capacity added to bring our total capacity to over 44,000 MW. The Iberdrola Group also has €9,200 million in projects under construction on its balance sheet, most of which will be commissioned in 2025 and 2026.

We are cementing our leadership in storage.

At Iberdrola, we promote efficient energy storage as one of the key levers for decarbonisation and the energy transition. We achieve this through large-scale storage, via our pumped hydro power plants, and small-scale storage, and via lithium-ion cells or batteries attached to renewable energy generation points.

Our Strategic Plan through to 2026 envisions €1,500 million of investment in this regard. Our 2030 target: to reach more than 120 GWh of cumulative installed storage capacity.

Innovation, a strategic pillar for Iberdrola

Innovative solutions to secure the future.

At Iberdrola, we have embraced an innovation model that drives the development of disruptive and sustainable technologies that in turn consolidate the energy transformation.

Our vision when it comes to innovation is to drive the development of disruptive technologies, aligned with the fundamental vectors of the transformation of the energy sector: decarbonising generation, through the large-scale integration of renewable energy, promoting smart grids, and the electrification of demand.

World's leading private utility in terms of R&D investment.

Iberdrola has been recognised, for the third year running, as the world's leading private utility in terms of investment in innovation and development, according to the *2024 Industrial R&D Investment Scoreboard* prepared by the European Commission.

By incorporating new clean and efficient technological solutions, Iberdrola has become the driving force behind an energy model based on electrification, alongside innovation and digitalisation. Iberdrola plans to channel €385 million per year into innovation projects, which are our main tool for keeping our company sustainable, efficient and competitive.

In 2024, we continued to foster an entrepreneurial ecosystem by investing over €400 million in research and development, some 4% higher than the previous year.

Our sustainability roadmap

Advancing our global sustainability goals

Our sustainable roadmap is built around five pillars.



Promoting electricity as a clean, stand-alone, stable, safe and competitive source of energy

At the heart of our business model is the promotion of renewable electricity as the best possible energy source, and that is precisely why we are developing a highly decarbonised business model and driving innovation and digitalisation



Protecting nature and fostering the efficient use of resources

Our model protects nature, making the preservation of biodiversity and the efficient use of resources an integral part of all our activities and processes



Working to guarantee a sustainable value chain

Our procurement model is aligned with the energy transition, as we enable the electrification of the economy with our products and services.

We support our suppliers in improving their sustainability performance by designing and selling sustainable products and services for their customers.



Strengthening human and social capital

We promote human and social capital through the social dividend and by fostering the development of the communities in which Iberdrola is present.

We are proud to introduce the *Smart Grids Academy*, as a smart grid training platform.



Maintaining our culture of ethics, transparency and good governance

We foster a strong culture of ethics, transparency and good governance, which is supported by the Corporate Compliance System, the Stakeholder Engagement Model and our human rights due diligence processes

Leading the energy revolution through our values

Committed to the highest ethical standards.

Iberdrola's corporate governance is inspired by, and predicated on, a firm commitment to ethical principles, transparency and leadership in applying international best practices. That is why our culture embodies values such as ethics and compliance as the foundation of successful business management.

At Iberdrola, we work tirelessly to remain at the forefront of best international practices in ethics and compliance. Undergoing a constant process of review and improvement, it incorporates the principal recommendations of the international markets and the most advanced trends in this area, It is one of the hallmarks of our identity, making Iberdrola an international leader in corporate responsibility and good practices.

Proof of this is that in 2024 Iberdrola and Avangrid were once again recognised as two of the most ethical companies in the world, according to the *World's Most Ethical Companies* ranking published annually by the Ethisphere Institute.

Also in 2024, Iberdrola was awarded for its Corporate Governance Report at the 1st Congress on Good Corporate Governance organised by the *Instituto de Gobernanza Empresarial* (Corporate Governance Institute).

Office of the General Secretary and Secretary of the Board of Directors: responsible legal advice and leading the way forward in social action

Our culture, values and goals include activities aimed at building a better future for people and the natural environment. We believe that we have an important role to play in this area, given the responsibility we bear to society in applying the law.

To make this happen, we are convinced that the Group's sustainability path and goals in this regard must be part of our principles and the way we act.

In terms of social action, in 2024 Iberdrola remained firmly committed to its Pro Bono Legal and Tax Programme, having helped more than 11,000 vulnerable people, all of whom benefited from the positive actions that the Group has been taking all around the world.

We consider the Iberdrola Group's tax burden to be our main contribution in helping to fill the public coffers and, therefore, one of our main contributions to society.

Last but not least, we have a pioneering corporate governance model that leads the way when it comes to applying best practices in governance and transparency.

2. Overall information on the Iberdrola Group in 2024

Record investments of €17,000 million, with organic investment up 5%

1.4 million km of transmission and distribution lines

We surpassed 44,000 MW of renewable capacity

Net profit of €5,612 million, up 17%

Unprecedented total tax contribution amounting to €10,300 million in 2024, up 8% on the previous year

€1.2 million paid into the public coffers each and every hour

Own taxes charged to the income statement of €5,279 million, representing 48% of profit before tax

Main milestones

- Large corporate transactions:
 - **Acquisition of an 88% stake in Electricity North West (ENW)**. for a total equity value of £2,100 million (equivalent to €2,500 million).
 - **Purchase from minority shareholders of 18.4% of Avangrid's capital**. The acquisition will enable Iberdrola to invest more efficiently in the United States.
 - **Sale of the combined cycle business in Mexico** for \$6,200 million. Iberdrola maintains its commercial activity and renewable production with a project portfolio of more than 6,000 MW.
 - **We continue to pursue strategic alliances** with the aim of accelerating electrification globally, such as with Norges Bank, with which we are co-investing in renewable projects, and with Kansai, with which we are investing in the Windanker offshore wind farm and through Electricity North West (ENW).
- **Completion of major projects**, including the start-up of the **Saint Brieuc offshore wind farm** in French waters and the **Baltic Eagle offshore wind farm** in Germany.

- **Awards of major projects**, including the offshore wind farms of **East Anglia 2** in the United Kingdom, with an installed capacity of 960 MW, and **New England Wind 1** in the United States, with an installed capacity of 791 MW.
- **Record market capitalisation, peaking at over €90,000 million in 2024**, and a total return in excess of 17%.
- **Outstanding response to various extreme events**, including the **flash floods (DANA) in Valencia**, where 90% of service was restored in a record time of 60 hours; **storm Éowyn in the United Kingdom**, where, after six days of work, we were able to restore the supply of electricity to more than 200,000 customers; **and storm Debby and the snowstorms that struck Maine** in the United States, where thousands of workers were rapidly deployed to restore service to more than 100,000 and 270,000 customers, respectively.

Key figures for 2024

- **Total assets of approximately €160,000 million**
- **Investments totalling €17,000 million, 50% more than in the previous year.**
- **EBITDA of €16,848 million, up 17% on the previous year, driven by the investment effort.**
- **Net profit of €5,612 million, an increase of 17%.**
- **Purchases in the amount of €18,000 million, giving visibility and certainty to a supply chain that supports 500,000 jobs worldwide.**
- **Supporting the market, with 6,000 new hires globally in 2024.**
- Record figure for distributed electricity of 238,164 GWh in 2024, up 1.9% on the previous year.
- Commitment to **electricity grids**, totalling 1.4 million kilometres of transmission lines and €49,000 million in regulated assets.
- **Consolidation of leadership in renewables.** More than 44,000 MW.
- **Reduction in CO2 emissions.** In Europe, just 38 g/kWh, five times less than the industry average.
- **Increased financial strength: cash flows increased by 51% to reach €16,769 million. Meanwhile, liquidity came to €20,000 million**

Awards and accolades

- **The Chairman, Ignacio S. Galán, among others, was recognised:**
 - **Among the world's 100 most influential leaders in climate action** by *Time* magazine.

- **In first place among the top executives of electricity companies** by *Institutional Investor*.
- **At the UN by the *World Jurist Association* with the *World Jurist Association Medal of Honour*** for his advocacy of environmental, social, corporate governance and financial performance principles.
- **Iberdrola global:**
 - **Recognised as one of the companies with the best business model in the world, according to Morgan Stanley**, which included Iberdrola for the first time in the *Global Best Business Models* report, considering profitability, balance sheet strength and the outlook among analysts.
 - **We topped the table in the *S&P Sustainability Yearbook 2025*. Number 1 utility in the Dow Jones Best-in-Class, with Iberdrola being the only European utility to make all 25 editions.**
 - **Among the Top 10 companies with the most positive global impact, according to Richmond Global Sciences (RGS).**
 - **We earned the international EDGE certificate for equal opportunities.**
 - Included in the **CDP** index. We once again topped the list of the world's most climate-transparent companies.
 - **The world's leading private utility in terms of R&D investment according to the European Commission.**
 - **International *Top Employers Enterprise* seal for excellence in people management, the only energy company in the world to achieve this feat.**
 - **Best Corporate Governance Report, according to the Instituto de Gobernanza Empresarial.**
 - **The Harvard Business School uses Iberdrola's model as a case study of success**

Tax contribution, tax governance and best practices

- The Iberdrola Group's tax contribution in figures:
 - **Total annual contribution of €10,300 million**, 8% more than in the previous year.

- Own taxes charged to the income statement of €5,279 million, representing **48% of profits**¹.
- Tax contribution of more than **€1.2 million every single hour**.
- **Monthly** contribution of **approximately €860 million, and more than €28 million in taxes paid every single day**.
- **Approximately €43,000 million in taxes paid over the past five years**.
- **The taxes impacting our income statement reduce the Group's profit by €15 million on a daily basis**.
- **Approximately €2,000 million paid in corporate income tax in 2024 alone, up 30% year on year**.
- **Electricity taxes paid in 2024 exceeded €1,600 million, up 7% on the previous year**.
- In Spain alone, the tax contribution was more than €4,300 million, 14% higher than the previous year. The amount paid in taxes relating to the business in Spain (excluding corporate income tax) was higher than the company's personnel, operating and financial expenses combined.
- The **direct tax contribution**, together with **indirect** and **indicative** taxes, came to more than €20,000 million, up **€2,500 million compared** to the previous year, which represents an **increase of roughly 15%**².
- **One of the top IBEX 35 companies in terms of tax transparency**, according to the Haz Foundation ranking, having **earned the seal of Tax Responsibility** ('t for transparent') with the highest possible score, as a testament to the Group's tax transparency and best practices.
- **Fostering a culture of cooperative relations with tax authorities** through voluntary initiatives and programmes:
 - **Recognition by the Spanish Tax Administration**, once again this year, for the voluntary presentation of the "Annual Tax Transparency Report for companies adhering to the Code of Good Tax Practices". **Letter of congratulations** received and special mention on the website of the State Tax Administration Agency.
 - **Voluntary submission of documentation on related-party transactions** to the Spanish Tax Administration under the Code of Good Tax Practices.

¹ Profit before Tax, other taxes and company Social Security contributions.

² According to PWC report based on Iberdrola's 2023 activities.

- **Voluntary participation in the *International Compliance Assurance Programme (ICAP)*** promoted by the OECD, a multilateral and cooperative procedure for tax risk assessment and compliance. Letter of commendation received with overall low risk rating.
- **First Spanish company to obtain certification of its Tax Compliance System from AENOR and, likewise, the first company to renew the certification in 2022 for a new three-year period.** Satisfactory tax compliance management system audit obtained in 2024 for the sixth year running.
- **International recognition for tax transparency: First Spanish company to earn the *Fair Tax Mark certificate* awarded by the *Fair Tax Foundation*,** certifying that the Group pays taxes responsibly throughout the world.

3. Corporate Tax Policy guidelines: the Iberdrola Group's tax strategy

Iberdrola's tax strategy is fully aligned with its primary objective of making the energy system more electric, autonomous and competitive, thus generating progress and employment for society

Governance and Sustainability System

Iberdrola's ***Corporate Tax Policy*** forms part of the Group's ***Governance and Sustainability System***, a comprehensive set of regulations, which constitutes the internal rules of Iberdrola and its Group established in the exercise of its legally supported corporate autonomy to ensure through these rules the fulfilment of its purpose and values and the achievement of its corporate goals and objectives.

The *Governance and Sustainability System* is one of the distinguishing hallmarks of Iberdrola, which was a pioneer in the development of its own internal system, initially called the *Corporate Governance System*. It is inspired by and based on a commitment to ethical principles, transparency and leadership in applying best international practices, functioning as an organisational tool in the pursuit of our purpose and values, social interest and social dividend, and as an assurance of our project, identity and independence.

We are constantly transforming to adapt to regulatory changes and the most demanding international standards, and to make this happen we incorporate the main recommendations of international markets and the most advanced trends in this regard.

Always at the forefront of international best practices, the *Governance and Sustainability System* is formally structured into four books: Introductory Book, By-Laws and Corporate Organisation, Corporate Policies, and Internal Audit, Risks and Compliance.

Corporate Tax Policy

Observance of and commitment to ethical principles, excellence, compliance, transparency and leadership in the application of best practices

Iberdrola's Board of Directors is tasked with designing, evaluating and continuously revising the Governance and Sustainability System of the Company, and specifically approving and updating the policies and guidelines governing the Company's actions and, moreover, to the extent applicable, shape any policies that, in the exercise of their autonomy of will, other companies belonging to the same group of which the Company is the controlling entity, within the meaning established by law, decide to approve.

The Board of Directors is also responsible for drawing up the tax strategy and approving any investments or transactions that carry particular tax significance due to their nature or the amount involved.

In exercising these powers, and within the bounds of the applicable legal provisions, the *By-Laws* and the *Purpose and Values of the Iberdrola Group*, as well as the sustainable development strategy, the Board of Directors hereby approves the *Corporate Tax Policy*, which respects, further develops and adapts the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* with respect to the Company.

The ***Corporate Tax Policy*** was approved by the Board of Directors in 2010 and is continuously updated and was amended on March 25, 2025.

Scope of application

The *Corporate Tax Policy* applies to the Company. Without prejudice to the foregoing, it includes basic principles that, in the tax area, complement those contained in the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* and, to this extent, must inform the conduct and standards-setting implemented by other companies of the Group in this area in the exercise of their powers and in accordance with their autonomy.

To the extent that listed country subholding companies form part of the Group, they and their subsidiaries, under their own special framework of enhanced autonomy, may establish principles and rules that must have content consistent with the principles set out in the *Corporate Tax Policy*.

To the extent applicable, these principles must also inform the conduct of the foundations linked to the Group.

For companies that do not form part of the Group but in which the Company holds an interest, as well as for joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other entities in which it assumes management, the Company shall also promote the alignment of its regulations with the basic principles regarding tax contained in the *Corporate Tax Policy*.

Purpose

The purpose of the *Corporate Tax Policy* is to establish the foundations for the definition of the Company's tax strategy, based on excellence and a commitment to the application of good tax practices within the framework of the corporate and governance structure of the Group.

The tax strategy is based on three fundamental pillars: compliance with tax obligations, ongoing cooperation with the tax authorities, and transparency. Furthermore, the Company shall endeavour to ensure an appropriate coordination of the tax practices followed by the companies of the Group, all within the framework of fulfilling the corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementation of business decisions.

To that end, the Company takes into account legitimate interests, including public interests, that converge in its business. In this regard, the taxes that the companies of the Group pay in the countries and territories in which they do business are their main contribution to the funding of public purpose needs and, accordingly, one of their main contributions to society.

Main principles of conduct

The Company's compliance with its tax obligations and its relations with the tax authorities shall be governed by the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* and also by the following main principles of conduct:

- a) Endeavour to ensure compliance with tax rules in the various countries and territories in which the companies of the Group operate, paying all taxes that are due in accordance with the legal system.
- b) Make decisions on tax matters based on a reasonable interpretation of applicable legal provisions and in close relationship to their activities.
- c) Prevent and reduce significant tax risks, ensuring that taxes bear an appropriate relationship to the structure and location of activities, human and material resources, and business risks.
- d) Strengthen a relationship with the tax authorities that is governed by the principles of lawfulness, transparency, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, without prejudice to the legitimate disputes that, observing the aforementioned principles of conduct established in the *Corporate Tax* and in defence of the corporate interest, may arise with such authorities.
- e) Provide information to the management decision-making bodies on the main tax implications of the transactions or matters submitted to it for approval, when they are a significant factor in making a decision.

Good Tax Practices

In application of the main principles of conduct established in the preceding section of the *Policy*, the Company adopts and promotes the following good tax practices:

- a) Not to use artificial structures unrelated to their business for the sole purpose of reducing their tax burden or, in particular, enter into transactions with related entities solely to erode the tax basis or to transfer profits to low-tax territories.
- b) Avoid opaque structures for tax purposes, which are understood as structures calculated to prevent knowledge by the competent tax authorities of the party ultimately responsible for the activities or of the ultimate owner of the assets or rights involved.
- c) Not to directly or indirectly create or acquire companies resident in countries or territories that Spanish legal provisions deem to be tax havens or that are

included in the EU blacklist of non-cooperative jurisdictions, with the sole exception of those cases in which it is forced to do so because there is an indirect acquisition in which the company in question is part of a group of companies that are being acquired, in which case the provisions of the *Procedure for the Creation of or Acquisition of Equity Interests in Special Purpose Entities or Entities Domiciled in Tax Havens* approved by the Board of Directors must be taken into account.

This procedure shall also apply in the case of creation or acquisition of entities residing in countries or territories not considered to be tax havens under Spanish legal provisions but included in the EU grey list of non-cooperative jurisdictions and with which Spain has not signed a treaty for the avoidance of double taxation..

- d) Cooperate with the competent tax authorities in the detection of and search for solutions for fraudulent tax practices of which the Company is aware that may be used in the markets in which the companies of the Group have a presence.
- e) Provide significant tax-related information and documents that may be requested by the competent tax authorities in the exercise of their powers, as soon as practicable and with the required scope.
- f) Notify the appropriate body of the tax authority and sufficiently discuss therewith all significant issues of fact of which it has notice, in order to commence the appropriate investigative proceedings, if any, and to promote agreements and consents during the course of inspection proceedings, to the extent reasonably possible and without impairing good corporate management.
- g) Make available the reporting channels established in legal provisions to facilitate the reporting of conduct that may involve the commission of an improper act or an act contrary to law or the Governance and Sustainability System, particularly including the provisions of the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group and of the Code of Conduct for Directors, Professionals and Suppliers* and, as a result, conduct in the tax area.

In Spain, the Company has adhered to the *Code of Good Tax Practices* approved on 20 July 2010 by the full Forum of Large Businesses (*Foro de Grandes Empresas*) established on 10 July 2009 at the behest of the Spanish Tax Administration Agency (*Agencia Estatal de Administración Tributaria*) (the “**Code of Good Tax Practices**”).

Within the framework of this Code, Iberdrola S.A. has been voluntarily submitting to the Spanish tax authorities the *Annual Tax Transparency Report for companies adhering to the Code of Good Tax Practices*, which includes detailed information on all taxes paid by the Group, since 2015. This Report is the most important instrument in the cooperative relationship with the Tax Administration.

Also within this framework, as a further show of its commitment to transparency and good governance, Iberdrola S.A. has been voluntarily filing the transfer pricing documentation with the Spanish Tax Administration Agency since 2024.

Furthermore, without prejudice to any revision of the *Corporate Tax Policy* carried out by the Company's Board of Directors within the framework of ongoing improvement and updating of the *Governance and Sustainability System*, the Company's commitment concerning compliance with, further development, and implementation of the *Code of Good Tax Practices* shall extend to any other good tax practices that stem from the recommendations of the *Code of Good Tax Practices* in effect at any time, even if not expressly set forth in the *Corporate Tax Policy*.

On the international stage, the Iberdrola Group is involved in other programmes and actions to promote and preserve cooperative relations with tax authorities. For instance, Scottish Power participates in the taxpayer risk profile rating system of HMRC (His Majesty's Revenue and Customs) and has obtained a low risk rating. Furthermore, Neoenergia has adhered to the Receita Federal programme, voluntarily taking part in the *Programa de Conformidade Fiscal Cooperativa (Confia)* (Cooperative Tax Compliance Programme). In Europe, Iberdrola has adhered to the Code of Good Practices and is a member of the *Portuguese Forum of Large Companies*, and takes part in the French Tax Office's *Relation de confiance* enhanced tax cooperation programme.

Last but not least, the Company is committed to compliance with the *OECD Guidelines for Multinational Enterprises* in the area of taxation.

Implementation and Coordination of the Group-level Tax Strategy

The Board of Directors has the power to formulate the tax strategy and approve investments and transactions that are particularly important from a tax standpoint because of the high amount or special characteristics thereof.

For its part, the implementation and monitoring of the tax strategy established at the Group level by the Company's Board of Directors is the responsibility of the various companies of the Group, in accordance with the corporate and governance structure defined in the *Governance and Sustainability System*, and particularly in the *Foundations for the Definition and Coordination of the Iberdrola Group*, and is put into practice respecting the principles of subsidiarity and decentralised management. In this regard:

- a) The Board of Directors of the Company, through its Chairman and the Chief Executive Officer, with technical support from the Operating Committee as well as from the management team, together with their corresponding supporting committees, where applicable, shall promote the supervision, organisation, coordination, and monitoring of the principles of conduct and good tax practices set forth in the *Corporate Tax Policy* by the companies forming part of the Group with significant activities in the tax area.

The head of business or country companies shall report to the country subholding companies on an annual basis regarding the level of compliance with the tax strategy that has been established at the Group level. In turn, the audit and compliance committees of the country subholding companies shall report to

the Company's Audit and Risk Supervision Committee on the level of compliance with the aforementioned tax strategy.

The Company's Audit and Risk Supervision Committee shall, in accordance with the provisions of its regulations, provide the Board of Directors with annual information on the tax practices and standards applied by the Company and on the level of compliance with the tax strategy by the companies of the Group during the financial year. In addition, in the case of transactions or matters that must be submitted to the Board of Directors for approval, it shall report thereto on the tax consequences thereof when they constitute a significant factor.

- b)** The subholding companies assume their own responsibilities with respect to compliance with tax obligations and in relation to the implementation in their respective countries, territories or businesses of the global tax strategy that is established at the Group level, respecting the principles and good tax practices established in the *Corporate Tax Policy*, to the extent applicable thereto, endeavouring to ensure compliance with these principles and good practices according to the applicable legal provisions in each jurisdiction, and the needs and particularities thereof and assuming the responsibilities of supervising, organising and coordinating compliance, in the respective territories, countries or businesses in which they operate, with the standards that must be followed in the application of those taxes that, due to the nature thereof, affect more than one company of the Group.
- c)** As well as being responsible for compliance with their tax obligations, in all events respecting the principles and good tax practices set out in the *Corporate Tax Policy* and any standards established by the country subholding companies, the head of business companies shall endeavour to ensure compliance with the aforementioned principles and good practices by the companies of the Group through which they carry out their respective businesses.

The foregoing provision shall be without prejudice to the corporate autonomy of each of the companies of the Group, especially the special framework of strengthened autonomy of the listed country subholding companies, as well as, in the case of the head of business companies, full respect for the corporate autonomy of the subsidiaries of the head of business companies domiciled in countries or territories other than that of the parent company, or to their own responsibility in complying with their tax obligations while observing the principles and good tax practices set forth in the *Corporate Tax Policy*.

The Company's Global Tax Division (or such division as assumes the powers thereof at any time) shall approve and periodically review guidelines for the evaluation and management of tax risk applicable to all companies of the Group, which shall include objective standards to classify transactions based on the tax risk thereof, as well as different procedures for the approval thereof. It shall also act as the body responsible for tax compliance within the Company, in coordination with the Company's Compliance Unit, proactively and independently endeavouring to ensure compliance with tax provisions and the tax strategy defined at the Group level.

Transparency

Without prejudice to applicable provisions and the provisions of this *Policy*, the management decision-making body of each company of the Group shall be responsible for ensuring that the information such company provides to comply with the tax obligations of the tax group to which it belongs complies with applicable tax provisions as well as the principles and tax practices established in the *Policy*. Said information shall in all cases be prepared in accordance with the standards set by each country subholding company pursuant to the provisions established by the tax divisions of each country, territory or business.

The Company's annual corporate governance report shall set forth the degree of effective compliance with the *Code of Good Tax Practices* by the Company, as well as with other similar codes or recommendations of other jurisdictions to which the companies of the Group have adhered and shall report on the operation of the systems for controlling tax risks.

In addition, the Company shall disclose the most relevant information on the performance of the Group's companies in tax matters and its tax contribution to the maintenance of public expenditures in the main countries and territories in which they operate, endeavouring to ensure that the information is clear, useful and truthful, all within the framework of its commitment to transparency in relations and communication with its Stakeholders.

Implementation and monitoring

For the implementation and monitoring of the provisions of the *Policy*, the Board of Directors is assisted by the Global Tax Division (or such division as assumes the powers thereof at any time) which shall coordinate with the Company's Compliance Unit to proactively and independently endeavour to ensure compliance with the principles and good tax practices established in the *Policy*.

The Company's Audit and Risk Supervision Committee shall, in accordance with the provisions of its regulations, provide to the Board of Directors with annual information on the Company's level of compliance with the *Policy* in each financial year.

Ongoing review of the *Corporate Tax Policy*

Taxation is not static and is subject to continuous change, which requires the Iberdrola Group to be fully apprised of any changes that occur.

This means that, like the rest of the *Governance and Sustainability System*, the *Corporate Tax Policy* is subject to a constant process of revision to continuously incorporate best practices in this area, adjusting to continuous changes in the environment, and specifically to increased tax demands driven by the globalised environment and to the tax excellence that the Group imposes on itself in order to meet the highest standards of tax transparency.

The Global Tax Division must explicitly approve and regularly review guidelines for the evaluation and management of tax risks, which are applicable to all companies of the Group.

Since financial year 2018, on occasion of the approval of Council Directive (EU) 2018/822 as regards mandatory automatic exchange of information in the field of taxation in relation to potentially aggressive cross-border tax-planning arrangements, the management of Iberdrola's tax risks has included the establishment of objective standards to classify the Group's transactions based on the tax risk thereof, as well as different procedures for the approval thereof.

Level of compliance with the *Corporate Tax Policy* and the tax standards applied by the Group in 2024

In compliance with the *Regulations of the Audit and Risk Supervision Committee*, the Head of Global Tax has confirmed, when appearing before Iberdrola's Audit and Risk Supervision Committee on 24 July 2024 and 24 February 2025, that **the Company and its group rigorously applied the principles and good practices set out in the Corporate Tax Policy during financial year 2024.**

Thus, all tax decisions made by the Group's companies were made in accordance with a reasonable interpretation of applicable legal provisions and in close connection with their business activities, and steps continue to be taken to facilitate and improve tax risk management.

At Iberdrola, we are aware of the contribution we make to society, and we firmly believe that being transparent should be one of our hallmarks.

To make this happen, we have made transparency one of the main principles of conduct in the Group's strategy, as set out in the Corporate Tax Policy.

By acting responsibly and transparently, we provide greater legal certainty to our Stakeholders by disclosing relevant tax information through the publication of this report, among other channels.

4. Tax governance: tax compliance, cooperative relations and transparency

Then, now and always: compliance, ethics and transparency

We lead the way in good governance and best practices, contributing to cultural change in tax governance

We certify our tax risk management and control system in accordance with international quality standards

Our reputation, our greatest intangible asset

The Iberdrola Group views reputation to be an intangible asset of immense value, influencing such essential aspects as the recruitment and retention of talent, the commercial relationship with customers, prices in capital markets, and integration into communities. It is therefore a key element that affects both our long-term sustainability and corporate resilience.

To maintain our corporate reputation at the highest levels, including in tax matters, we voluntarily publish this *Transparency Report*, and work each year to include more, better and more comprehensive information as part of our commitment to the pursuit of continuous excellence.

1. Tax governance and tax compliance

Corporate and governance structure

The Group's governance structure is described in the *Foundations for the Definition and Coordination of the Iberdrola Group*, the purpose of which is to define the Iberdrola Group's corporate structure and business model.

In this regard, the Group is configured on the basis of the separation between the functions of strategic definition, organisation, coordination and supervision, on the one hand, and those of day-to-day administration and effective management of the businesses, on the other, providing itself in this respect with a decentralized structure inspired by the principle of subsidiarity and respect for the autonomy of the companies that comprise it, which do business in accordance with the highest ethical standards and in compliance with the good governance recommendations generally recognised in international markets, adjusted to their needs and particularities, in all cases respecting the industry regulations regarding the separation of regulated and liberalised activities in effect in each of the countries or territories in which the Group's companies have a presence.

Therefore, essential premises for the Group's structure are the differentiation of the functions corresponding to Iberdrola, as the holding company of the Group, from the country subholding companies established in the territories in which the companies

of the Group do business, and the Head of Business, whether Spanish or foreign, in accordance with the following:

1. Iberdrola, S.A.

Iberdrola is structured as a listed holding company, the main function of which is to act as the owner of the equity interests of the country subholding companies.

In this regard, Iberdrola's Board of Directors is vested with powers relating to the approval of the strategic goals at the Group level, the definition of its organisational model, the supervision of compliance therewith and further development thereof, as well those relating to decisions on matters of strategic importance at the Group level, while fully observing the special framework of strengthened autonomy of the listed country subholding companies.

For their part, the chairman of the Board of Directors and the chief executive officer, with the technical support of the Operating Committee, and by the management team, together with any corresponding support committees, assume the duty of organisation, coordination and supervision at the Group level through the dissemination, implementation and monitoring of the overall strategy and the basic guidelines for the management thereof established by the Company's Board of Directors.

2. Subholding companies

The subholding companies, which in turn group together the stakes held in the head of business or country companies, perform the duty of organisation, coordination and oversight with respect to the territories, countries or businesses that correspond to each of them, taking into account the characteristics, needs and circumstances of their respective territories, countries or businesses.

One of their main functions is to centralise the provision of common services to the Head of Business, in accordance with operational efficiency standards and fully respecting the provisions of applicable law and especially the legal provisions regarding the separation of regulated activities.

The listed subholding companies also have a special framework of strengthened autonomy that mainly covers the regulatory, related-party transactions and management areas.

3. Head of business

Last, the Head of Business assume decentralised executive responsibilities, enjoy the independence necessary to carry out the day-to-day administration and effective management of their businesses, and are responsible for the day-to-day control thereof.

This is without prejudice to respect for the corporate autonomy of the subsidiaries of head of business or country companies domiciled in countries or territories other than that of the Head of Business. These subsidiaries may be vested with

the effective management of their business activities within their country or territory.

Through the subholding companies and the Head of Business, the Group combines a decentralised structure and management model with coordination mechanisms and an effective system of separation of functions, checks and balances, and controls.

This corporate configuration is intended to favour an agile and rapid decision-making process in day-to-day administration and management, which is within the purview of the head of business companies, while at the same time achieving proper coordination of business activities at the Group level.

In this regard, all companies share the principles reflected in the Purpose and Values of the Iberdrola Group, in the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group* and in the *Corporate Tax Policy*.

In view of the corporate and governance structure of the Group, the monitoring and reporting of tax matters is mainly governed by the principles set out below.

1. Iberdrola's Board of Directors

The Board of Directors of Iberdrola, S.A., acting through its Chairman and the Chief Executive Officer, and with the technical support of the Operating Committee and the management team, along with their respective support committees, supervises, organises, coordinates and monitors the principles of conduct and good tax practices set out in the *Corporate Tax Policy* among those Group companies whose activities accrue a significant amount of tax.

The Head of Global Tax appeared before the Board of Directors of Iberdrola, S.A. on 20 February 2024 to present the *Report on Tax Transparency of the Iberdrola Group – Our commitment to society* for financial year 2023. The Head of Global Tax also appeared on 25 February 2025 to present the Report for financial year 2024.

2. Iberdrola's Audit and Risk Supervision Committee

Iberdrola's Audit and Risk Supervision Committee has the following duties, among others, in the tax area:

- Prior to the preparation of the annual accounts and to the filing of the Corporate Income Tax return, obtain from the Iberdrola's tax director, for transmittal to the Board of Directors, information on the tax guidelines used during the financial year and, in particular, on the level of compliance with the *Corporate Tax Policy*.
- Based on the information received from Iberdrola's chief tax officer, report to the Board of Directors on the tax policies applied and, in the case of transactions or matters that must be submitted to the Board of Directors for approval, regarding the tax consequences thereof when such consequences represent a significant issue.

In order to comply with the provisions of the *Governance and Sustainability System* in this regard, in financial year 2024 the Head of Global Tax appeared before the Iberdrola's Audit and Risk Supervision Committee on 19 February and 22 July to report, respectively, on the level of compliance with *the Corporate Tax Policy* and tax standards applied during financial year 2023 and during the first half of 2024, respectively. The Head of Global Tax also appeared on 24 February 2025 to report on the 2024 financial year.

3. Audit and compliance committees of the subholding companies and companies engaged in regulated business

The audit and compliance committees of the subholding companies and companies engaged in regulated business have a duty to report to Iberdrola's Audit and Risk Supervision Committee on the level of compliance with the *Corporate Tax Policy* during each financial year within their respective purviews.

The audit committees perform their duties with full autonomy, without prejudice to the establishment of an appropriate framework for cooperation and exchange of information on the performance of their duties with the audit committees that may exist at Group companies that are direct or indirect subsidiaries of Iberdrola, as well as with Iberdrola's Audit and Risk Supervision Committee.

For these purposes, the head of each Tax Division appears before his or her respective committee, ensuring that information flows upwards to the parent company.

4. Management bodies of the Head of Business

The management bodies of the Head of Business are responsible for ensuring compliance with the *Corporate Tax Policy* by the entities of the Group through which they carry out their respective businesses, in all cases complying with the tax principles and good practices described in said policy and the standards established by the country subholding companies.

Without prejudice to the applicable provisions and as described above, the management body of each company of the Group is responsible for ensuring that the information such company provides to comply with the tax obligations of the tax group to which it belongs complies with applicable tax provisions as well as the principles and rules set forth in the *Corporate Tax Policy*. Said information must in all cases be prepared in accordance with the standards set by each country subholding company pursuant to the provisions established by the tax divisions of each country.

In addition, and for purposes of complying with the provisions of the Iberdrola Group's *Governance and Sustainability System*, the Global Tax Division also appears before other committees and offices when requested to do so.

5. Sustainable Development Committee

The Sustainable Development Committee, created by the Board of Directors, is a permanent internal advisory body without executive functions providing information and advice and making proposals on matters that fall within its purview.

The Committee is primarily responsible for sustainable development and corporate responsibility, corporate reputation and corporate governance of Iberdrola.

The Committee is responsible, inter alia, for periodically evaluating and reviewing the *Governance and Sustainability System* and scrutinising Iberdrola's degree of compliance with generally recognised good governance recommendations.

In compliance with the *Regulations of the Sustainable Development Committee*, the Head of Global Tax appeared on 19 February 2024 to present the *Report on Tax Transparency of the Iberdrola Group – Our commitment to society*, for financial year 2023, and 24 February 2025 to present the same report for financial year 2024.

Main tax issues addressed during the various presentations

The main tax-related issues covered during the relevant presentations are as follows:

Corporate Tax Policy

- Level of compliance with the Corporate Tax Policy and tax standards applied during financial year 2023 and during financial year 2024. Effectiveness of control systems.

Risk control and operations

- Tax liabilities and procedures / Contingent assets / Corporate Income Tax expense.
- Tax audit procedures by the tax authorities. Tax litigation.
- Analysis of the Group's transactions during financial years 2023 and 2024. Tax rating of transactions based on tax risk.

Tax transparency

- Review of the information set out in the 2023 and 2024 *Tax Transparency Report of the Iberdrola Group – Our commitment to society*. Analysis of new developments and key figures.
- Reference to the *Relatório de Transparência Fiscal: Nosso compromisso com a sociedade* published by Neoenergia.

- Global tax contribution of the Iberdrola Group. Analysis.

Tax governance and best practices

- Monitoring and updating of the *Corporate Tax Policy*.
- Cooperative relations:
 - Voluntary submission to the Spanish Tax Agency (AEAT) of the *Annual Tax Transparency Report for companies adhering to the Code of Good Tax Practices* for financial years 2022 and 2023. Acknowledgement of the letter of commendation received from the Central Delegation of Large Taxpayers of the Spanish State Tax Administration Agency for financial year 2022 and pending completion of the analysis for 2023.
 - Voluntary submission of documentation on related party transactions to the AEAT under the Good Tax Practices Code on 25 January 2024 and 24 January 2025.
 - Voluntary participation in the International Compliance Assurance Programme (ICAP) promoted by the OECD. Completion of the programme in 2023, with an overall risk rating of “low”. Acknowledgement of the letter of appreciation for having voluntarily participated in the programme, received on 16 November 2023 from the Spanish tax administration. Meeting held on 28 January 2025 with the heads of the OECD and the various tax administrations taking part in Iberdrola’s ICAP Programme, along with representatives of other jurisdictions participating in the programme, to exchange views on how the project is developing.
 - Participation in the *Programa de Conformidade Cooperativa Fiscal* (Confia).
 - Risk review programme of the United Kingdom’s tax authorities.
 - Admission to the *Fórum de Grandes Empresas* (Large Companies Forum) of the *Portuguese Autoridade Tributária e Aduaneira* (AT).
 - Inclusion of Iberdrola in Australia’s Top 1,000 Assurance program.
 - Meeting with the French Tax Administration to discuss participation in the collaborative programme *Relation de confiance*, on 1 December 2023. Admission to the programme in 2024.
- Tax Compliance Management Systems. UNE 19602 standard:
 - Announcement of the satisfactory result of the audit for the 2023 and 2024 financial years carried out by AENOR.
 - Internal evaluation reports on the system’s effectiveness.
 - Acknowledgement of satisfactory independent expert reports prepared by an external consultant.
 - Planning of the audit of the System for the 2025 financial year.

- Tax transparency seal awarded by Fundación HAZ.
- First Spanish company to earn the international Fair Tax Mark certificate from the Fair Tax Foundation, as a company that pays its taxes responsibly throughout the world.
- Favourable outcome of the Internal Audit and Risk Division's verification of the tax function processes carried out in 2024.

Other particularly significant matters

- Significant tax-related regulatory changes at the global level:
 - Global minimum taxation.
 - Public Country-by-Country Report – CbCr.
 - Tax reform of indirect taxation in Brazil.

As part of our due diligence processes and to ensure compliance with the *Corporate Tax Policy*, we involve the Group's management bodies at all levels and keep them regularly informed.

2. Prevention and management of tax risks

The Iberdrola Group's three lines model

The Iberdrola Group's **Internal Control System** is structured in accordance with **international best practices** in this area.

Accordingly, Iberdrola adopts the **Three Lines Model**, published in 2020 by the Institute of Internal Auditors (II), which updates the Three Lines of Defence model and is based on an assurance system combined around three lines, providing a comprehensive view of how the different parts of the Group interact in an effective and coordinated manner, increasing the efficiency of the processes for management and internal control of the entity's significant risks.

In general terms, first line roles deal with the provision of products or services to customers, together with the management of risk in these activities, and include the roles of the support functions.

Second line roles involve providing expertise, monitoring and challenging risk-related matters, and include assistance and oversight in risk management or specific matters such as regulatory compliance or internal control.

Finally, third line roles focus on independent and objective assurance and advice on all issues related to the achievement of objectives.

The Three Lines Model in the Tax area

The Iberdrola Group faithfully complies with the three lines model in tax-related matters.

The updated model is more flexible and adaptable, addressing criticisms of the previous model, including an excessive focus on defending against risk, rather than focusing on the creation of value and the management of this risk.

The changes made in the updated model include, among others, that first and second line roles can be mixed or separated and that some second-line roles can be assigned to specialists with additional expertise, who in any case need not be external and independent from the area in question, given that these roles form part of their duties.

In line with the above, the application of the model in the tax area is as follows:

- Given the specialisation and complexity of the subject matter, the Tax Division's structure, distribution of duties and size are well suited to grouping together first and second line roles.
- The **first line** is exercised within the Tax Division and is carried out by appropriately trained and skilled experts in the field, through decision-making and enforcement of tax compliance.
- The **second line** is likewise formed within the Tax Division, given that it has greater experience and specialised units tasked with managing, overseeing, supporting, assisting, monitoring, checking and questioning the performance of the first line roles.

The second line is in turn complemented and strengthened by the legal department of the Office of the General Secretary and Secretary of the Board of Directors of the Group when necessary, as well as by external advisors.

Meanwhile, the Finance, Control and Corporate Development Division acts as the second line of Internal Control over Financial Reporting and Internal Control over Non-financial Reporting.

- Finally, the role of the Group's Internal Audit and Risk Division, as the **third line**, is to proactively ensure the proper operation of the internal control, risk management and governance systems, systematically auditing the roles of the first and second lines in the performance of their respective duties of management and control.

Verification of the processes of the tax function by the Internal Audit and Risk Division

As established in the *Basic Internal Audit Regulations*, the Internal Audit and Risk Division is an internal unit of Iberdrola, reporting hierarchically to the chairman of the Board of Directors and functionally to the Audit and Risk Supervision Committee. Its

core activity consists of independently and proactively endeavouring to ensure the effectiveness of the governance, risk management and internal control processes at Iberdrola, S.A. and within the boundary of the Group.

The remit of the Internal Audit and Risk Division encompasses the following responsibilities:

- Overseeing the effective operation of the comprehensive risk control and management system established at the Group level, as defined in *the General Risk Control and Management Foundations of the Iberdrola Group*, and the adequacy thereof to ensure compliance with risk guidelines and limits.
- Supervising the effective functioning of the systems for internal control over financial reporting (ICFR) and internal control over non-financial reporting (ICNFR) established for the purpose of preparing and presenting the financial and non-financial information of the companies of the Group, including the information that Iberdrola must regularly publish due to its status as a listed company.
- Verification that the investment and divestment processes comply with the applicable guidelines and risk and limits in each case and that the procedures pursuant to which they are performed ensure proper internal control and effective management of the related risks.

Pursuant to its remit, in 2024 the Internal Audit and Risk Division has overseen the following processes of the tax function:

Review of the procedure for managing tax contingencies

In 2024, the tax contingency management procedure was reviewed by Iberdrola's Internal Audit and Risk Division to perform a diagnosis and verify that the tax provisions recorded comply with the procedures and policies established for this purpose.

The outcome of the audit process was favourable, with no recommendations issued, and the main conclusions were as follows:

- **The Global Tax Division ensures the coordination of *Corporate Tax Policy* and the proper management of tax risk across the Group.**
A tax contingency management process is in place so that provisions can be posted as and when needed.

The review of tax processes by the independent Internal Audit and Risk Division, as a third line, provides further assurance that the control and risk management system in the tax area are properly designed and compliant with international tax standards.

The favourable outcome of the reviews carried out shows that the tax risk control mechanisms are strictly applied by Iberdrola's Tax Division.

Tax compliance management system

First Spanish company to earn certification.

In February 2019 the UNE 19602 Standard - Tax Compliance Management Systems was approved, establishing a leading standard, as well as the guidelines and requirements that a tax compliance management system must have, with Iberdrola taking an active part in the working meetings held during the process of drafting the Standard.

Given the increasing importance of the tax function in the business area, this standard tries to establish the quality standards, similar to an ISO standard, that this function must have in order to prevent, detect, manage and mitigate tax contingencies and risks.

Along these lines, the standard contains due diligence criteria and requires a performance evaluation in order to ensure that the tax system of a company has documented tax information, the creation of evidence of tax compliance, and ongoing review to improve the tax risk systems.

In 2019 Iberdrola was the first Spanish company to obtain the AENOR certificate for a tax compliance management system in accordance with the requirements of **UNE Standard 19602**, issued for a three-year period.

To this end, Iberdrola conducted a global review of the alignment of its tax management and control system with the requirements of the UNE 19602 Standard for its transformation into the ***Iberdrola Tax Compliance System***.

This certification, which is aligned with the Spanish standard and the recommendations of the OECD, focuses on the establishment and supervision of tax policies and strategies, the basic guidelines for the management thereof, and decisions on matters of strategic importance, as well as on the design of the Iberdrola Group's tax management and control system.

In 2022 Iberdrola was also the first company to renew its AENOR certification for a three-year period.

In the 2019–2024 period, in the ongoing search for excellence, Iberdrola's Tax Compliance System has been under constant revision so as to incorporate improvements in risk management and good tax practices. In 2024, **Iberdrola received a satisfactory audit from AENOR for the sixth year running**, with no non-conformities or recommendations having been detected, thus maintaining its certification.

The improvements made in 2024 include digital tools to automate the tax function and implement new regulations at the global level, which the certifier held a particularly positive view of.

In addition, improvements continued in key areas such as tax risk controls, process indicators, due diligence processes and training.

The audit reports prepared by AENOR, as **the certifying expert, reveal the following strengths:**

- The proper and effective implementation, robustness and maturity of the tax compliance system.
- **High and mature culture of compliance.**
- **The organisation's commitment to continuous improvement.**
- **The monitoring of the System and the insistence on making continuous improvements**, as pioneers in the sector.
- The internal reporting, which include an assessment of the system.
- The organisation's **transparency** with regard to its relationship with the Tax Administration and other Stakeholders. The publication of this Report, the only one of its kind in the sector, is particularly relevant and well-considered.
- **Ongoing analysis and monitoring of risks with tax implications** and the work carried out in relation to the indicators associated with the controls.
- **Level of detail of the specific controls** developed by the Group.
- The Group's **document management work**, designed to keep information organised and available at all times.
- Efforts deployed in terms of communication and training.

In addition, as part of the review of its *Tax Compliance System* and ongoing improvement process, Iberdrola receives an annual report from an external expert on the compliance of its System with the requirements laid down in the UNE 19602 Standard and other standards and with benchmark best practices in this field in the market.

The satisfactory audit finding confirm that **Iberdrola has a robust tax risk prevention model in line with best corporate governance tax practices, which is duly monitored**, updated and aligned with applicable legal requirements.

Fair Tax Mark certified by the Fair Tax Foundation

We stand for fair taxation.



First Spanish company to earn the certificate.

Iberdrola earned the Fair Tax Mark certificate in 2024, an accolade awarded by the Fair Tax Foundation to companies that pay taxes responsibly around the world.

The Fair Tax Foundation is a non-profit organisation that promotes tax fairness and transparency in corporate tax practices. It seeks to encourage and recognise organisations that pay the right amount of tax at the right time and in the right place. **Iberdrola is the first Spanish company to earn the mark.**

The assessment looks at indicators related to tax policy, transparency, tax contribution, country-by-country reporting and the tax information included in the annual financial statements.

The Foundation **points out that that Iberdrola is leading the way for other companies to follow, noting that our *Tax Transparency Report* is genuinely comprehensive and contains the level of detail they are looking for in order to award the Fair Tax Mark.**

Obtaining this certificate is particularly important because, as the Foundation itself certifies, it is unusual for a company to earn it the first time the assessment is carried out.

At Iberdrola, we strive for constant improvement and remain at the forefront of best practices. That is why we engage in international initiatives on a voluntary basis as we continue to showcase our commitment to good tax governance.

Paying taxes fairly wherever they are due is part of the ethics of the way we do business.

Self-demand for responsible behaviour

Iberdrola's **responsibility in tax matters**, as the foundation of good practices in corporate taxation in the international context, is **primarily based on compliance, ethics, transparency and cooperative relations.**

These values are set forth, among other places, in the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*, which provides that the companies of the Group must comply with tax regulations in the different countries and territories in which they operate, paying the taxes that are required in accordance with the legal system, ensuring adequate coordination of the practices followed in tax matters, all within the framework of granting social interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementation of business decisions.

A significant aspect of tax compliance relates to the tasks associated with tax compliance, including the preparation, management and filing of tax returns with the various tax authorities and similar bodies.

The Iberdrola Group processes thousands of tax returns, tax receipts and similar instruments worldwide, and one of its commitments, in all cases, is to meet its tax obligations promptly and properly with respect to the taxes it pays to government administrations, thus demonstrating its commitment to responsible taxation and tax justice.

To this end, the Iberdrola Group has an appropriate and properly-sized structure of material and human resources, and is committed to recruiting the best talent and relying on technology to optimise its tax compliance processes, ensuring the ongoing pursuit of operational and management excellence in the tax area.

Furthermore, Iberdrola's Tax Division perceives knowledge management as a key lever for promoting continuous learning and developing talent.

In this respect, the people who make up the Tax Division are kept appropriately up to date and attend continuous training programmes that help to strengthen their talents and thus ensure the proper operation of the tax function.

3. Cooperative relations

Administrative cooperation as a differentiating element of tax governance and tax compliance.

The Iberdrola Group's tax strategy, as reflected in the *Corporate Tax Policy*, contemplates **cooperation with the tax authorities** across all territories in which the Group operates as a principle of conduct, by **fostering a relationship predicated on the principles of respect for the law, transparency, fidelity, trust, professionalism, cooperation, reciprocity and good faith.**

In addition, and in applying the principles of conduct, the *Corporate Tax Policy* establishes a commitment to the application of best practices in relations with the tax authorities:



Cooperate with the competent tax authorities in the detection of and search for solutions regarding fraudulent tax practices of which Iberdrola is aware that may occur in the markets in which the companies of the Group have a presence.



Provide significant tax-related information and documents that may be requested by the competent tax authorities in the exercise of their powers, as soon as practicable and with the required scope.



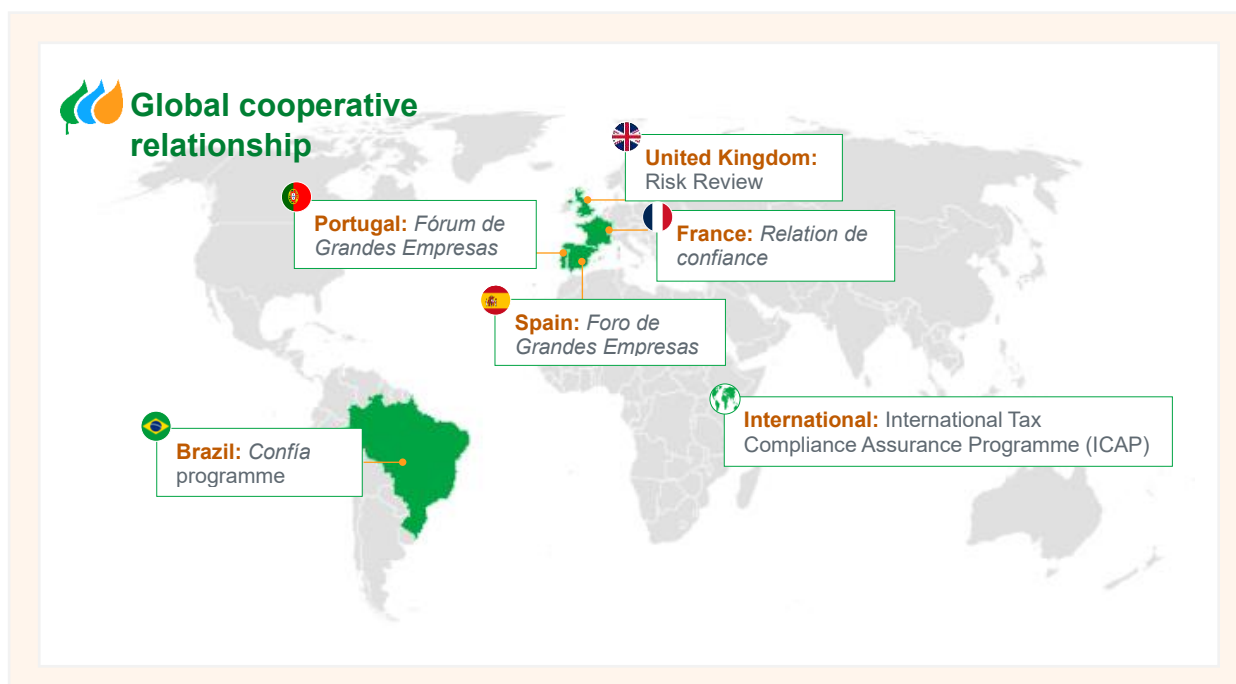
Notify the appropriate body of the tax authority and sufficiently discuss therewith all significant issues of fact of which it has notice, in order to commence the appropriate investigative proceedings, if any, and to promote agreements and consents during the course of inspection proceedings, to the extent reasonably possible and without impairing good corporate management..

Applying best practices and the highest standards of tax transparency, Iberdrola has adhered to and complies with the Code of Good Tax Practices approved on 20 July 2010 by the full Forum of Large Businesses (*Foro de Grandes Empresas*) of the Spanish Tax Administration Agency.

This code promotes a reciprocally cooperative relationship between the Tax Agency and the signatory companies, and contains recommendations, voluntarily assumed by the Administration and the companies, aimed at improving the application of the tax system by increasing legal certainty, reciprocal cooperation based on good faith and legitimate trust between the Tax Agency and the companies themselves, and the application of responsible tax policies.

Iberdrola's commitment to compliance with, further development and implementation of the code extends to any other good tax practices that stem from the recommendations of the Code in effect at any time, even if not expressly set forth in the *Corporate Tax Policy*.

The programmes and actions in which the Iberdrola Group participates to promote and preserve cooperative relations at the global level include:



Iberdrola builds strong cooperative dealings with tax authorities around the world, as set out in the *Corporate Tax Policy*. To make this happen, and given its international presence, it makes itself available to each of them as soon as it establishes itself in a new jurisdiction.

Forum of Large Businesses of the Spanish Tax Administration Agency

The *Foro de Grandes Empresas* (Forum of Large Businesses) is a framework for collaboration between large enterprises and the Spanish tax administration, based on the principles of transparency and mutual trust, through the exchange of knowledge.

The Forum was created on 10 July 2009 at the behest of the Spanish State Tax Administration Agency (“AEAT” or “Tax Agency”) and Iberdrola has been a member since it was launched.

1. Working groups of the Forum of Large Businesses

In the framework of the Forum of Large Businesses, working sessions are organised to discuss any issues that may arise in the application of the tax system.

As part of the cooperative relationship with the Spanish tax authorities, Iberdrola actively participates in the working groups of the Forum of Large Businesses, and is a member of the following working groups:

- Cooperative relations.
- Special taxes.
- Transfer Pricing – this group has concluded its work and the Working group on analysis of tax regulations and reduction of conflict has been created to replace it.
- Analysis of tax regulations and reduction of conflict
- Immediate Supply of Information (*Suministro Inmediato de Información*) (SII).

In financial year 2024 Iberdrola attended the general meetings of the Forum of Large Businesses held on 3 June and 20 November and all of the working group meetings.

In addition, during financial year 2024 the Iberdrola Group's Head of Global Tax continued to act as a business collaborator within the Technical Secretariat of the Forum of Large Businesses.

2. Voluntary submission of the “Annual Tax Transparency Report for companies adhering to the Code of Good Tax Practices”

As mentioned above, Iberdrola is a member of the Forum of Large Businesses, which was established on 10 July 2009 by the Spanish Tax Administration, and complies with the *Code of Good Tax Practices*, approved on 20 July 2010.

In this regard, on 2 November 2015 the Plenary Session of the Forum of Large Companies agreed to introduce an Annex to the *Code of Good Tax Practices* to strengthen the cooperative relationship and reinforce good practices in corporate tax transparency, through a number of actions to promote transparency and legal certainty in the fulfilment of tax obligations.

This initiative is aimed at providing early knowledge of the tax policy and tax risk management of businesses, leading to lower compliance costs and contributing to the reduction of conflict.

Among them, it was established that companies could voluntarily make information available to the Tax Administration Agency regarding a number of actions and decisions in tax matters, through the presentation of the “Annual Tax Transparency Report for companies adhering to the Code of Good Tax Practices”, by means of which the following information, among others, is provided:

- Aspects of the companies' economic activity.
- Tax strategy.
- Presence in tax havens.

- Compliance with the OECD's BEPS actions.
- Most significant corporate transactions, etc.

This voluntary reporting represents the **highest expression of fiscal transparency with the Spanish tax authorities**, and Iberdrola, firmly convinced of its usefulness, submits the aforementioned report every year.

As a consequence, and within the framework of strengthened cooperation, Iberdrola has voluntarily submitted to the Spanish Tax Administration the "Annual Tax Transparency Report for companies adhering to the Code of Good Tax Practices" since it was first prepared and for 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023, and is in the process of preparing the report for 2024.

This report includes information on the Group's tax strategy, structure and international activity, presence in tax havens, financing, international and customs taxation, level of consistency of tax policy with BEPS principles and actions, and most significant corporate transactions.

In pursuing excellence and continuous improvement in the area of transparency, Iberdrola's report includes improvements each year for discussion and for strengthening the cooperative relationship.

As regards recent Reports, Iberdrola submitted the Annual Tax Transparency Report relating to financial year 2022 on 25 October 2023, and held a meeting with representatives of the Spanish Tax Administration Agency on 17 July 2024 in order for them to more fully understand and evaluate the contents of the report.

On 30 July 2024 Iberdrola received a letter from the Central Delegation of Large Taxpayers of the Spanish Tax Administration Agency certifying the submission of the report, and which highlighted the tremendous willingness and availability offered in voluntarily sending information for financial year 2022 and thanking it for the transparency provided.

The Iberdrola Group's Annual Report on Tax Transparency for financial year 2023 was submitted on 24 October 2024.

In the report for financial year 2021, Iberdrola voluntarily included a new specific section regarding the cooperative relationship and tax governance, which includes information on cooperative compliance programmes, good tax practices, reporting procedures, tax transparency, etc. This initiative was positively received by the Tax Administration Agency. The information contained in this section has been similarly reinforced in the report for the 2023 financial year.

The voluntary submission of the Iberdrola Group's report has been acknowledged on the Tax Administration's website, expressly mentioning Iberdrola as a company that submits its transparency report.

3. Documentation on related-party transactions under the Code of Good Tax Practices

At the Plenary Session of the Forum of Large Businesses of the Spanish Tax Administration Agency held on 8 June 2023, a proposal relating to the voluntary submission of documentation on related-party transactions within the framework of the Code of Good Tax Practices was passed.

The submission of the information would take place six months after the end of the Corporate Income Tax return period.

In accordance with the provisions established by the tax authorities, on 25 January 2024 Iberdrola voluntarily submitted the aforementioned transfer pricing documentation for the financial year 2022, in due time and in the appropriate form.

Moreover, on 24 January 2025 Iberdrola submitted the transparency pricing documentation for 2023.

Multilateral cooperative procedure: International Compliance Assurance Programme (ICAP)

The ICAP is a voluntary risk evaluation programme launched by the OECD aimed at greater cooperation between tax authorities in the supervision of tax risks within multinational groups relating to transfer pricing, providing a faster, clearer and more effective way to improve multilateral tax certainty.

Today, **the ICAP Programme is the most advanced element of the cooperative relationship between multinational enterprises and tax authorities.**

The Spanish State Tax Administration Agency participates in the ICAP Programme and regards the signing of bilateral or multilateral Advance Pricing Agreements as a line of work that should be strengthened, as outlined in the Tax Agency's Strategic Plan 2020-2023.

In this context, Iberdrola joined this programme in 2022, in coordination with the Spanish Tax Administration Agency and the Biscay Regional Treasury, with the participation of the government administrations of the United Kingdom, the United States, Germany, Italy and Ireland.

In this regard, multilateral and bilateral meetings were held on 30 June and 1 July 2022 at Iberdrola's Innovation and Training Campus in Madrid with the various government administrations to review the Iberdrola Group's transfer pricing policies at the global level.

In 2023 work continued with the various government administrations involved in the programme by clarifying operational procedures and, where appropriate, providing additional documentation.

As a result, in the fourth quarter of 2023 the Spanish tax administration, as coordinator of the cooperative relations instrument, brought the programme to an end. On 16 November 2023 the Spanish tax administration sent a letter of appreciation for having voluntarily participated in the programme, including multilateral evaluation letters from the tax authorities in Spain (State Tax Administration Agency and Biscay Provincial Treasury), Germany, the United States of America, Ireland, Italy and the United Kingdom, with an overall risk rating of “low”.

On 28 January 2025 Iberdrola’s Tax Division held a meeting with the heads of the OECD and the various tax offices taking part in Iberdrola’s ICAP Programme, as well as representatives of other jurisdictions participating in the programme, to exchange views on how the project is developing. At the meeting, Iberdrola was thanked for its involvement by those responsible for the programme and expressed its willingness to take part in similar future initiatives.

Risk review by the United Kingdom tax authorities (HMRC)

The commitment to applying good tax practices and cooperating with the tax authorities has also been extended to the other countries in which the Iberdrola Group operates, such as the United Kingdom.

As a member of the group of large taxpayers in the United Kingdom, Scottish Power actively participates in the collaborative relationship programme with HMRC, based on the figure of a Client Relationship Manager (CRM) as the liaison between the tax authorities and the taxpayer, and on the annual rating of the taxpayer’s risk profile.

In the case of Scottish Power, a risk review was carried out by HMRC in 2023, and the operations were rated as low risk. The certification runs from 2023 to 2026, whereupon it will be reviewed again.

Programa de Conformidade Cooperativa Fiscal (Confia)

In application of the highest standards of cooperation and tax transparency, Neoenergia is a member of the *Receita Federal* (Brazilian tax authorities) programme.

As part of the collaboration framework, Neoenergia was invited by *Receita Federal* to voluntarily participate in setting up a programme to establish new parameters for the interaction between taxpayers and the tax authorities, focusing on voluntary cooperation and mutual trust, called the *Programa de Conformidade Fiscal Cooperativa (Confia)*.

In 2024 Neoenergia earned certification under the Confia pilot programme, which involves 20 companies. This assurance marks a major step forward in the programme, as part of the process of building a new model of cooperative relationship between taxpayers and the Brazilian tax authorities.

Código de Boas Práticas Tributárias of the Portuguese tax authorities

In 2014 a Large Taxpayers Forum was created in Portugal with the aim of creating a space for dialogue to build stronger relations between the tax authority and taxpayers, based on the principles of proximity, transparency and mutual trust.

The Forum was entrusted with various tasks, notably that of creating a Code of Good Tax Practices, according to which the tax authority and taxpayers alike undertake to respect, within the scope of their legal-tax relations, principles and conduct that will improve the tax system by increasing legal certainty and cooperation, based on transparency and trust between the two parties.

In accordance with the Forum's terms of reference, taxpayers who are proposed by any of the members and whose admission is unanimously approved at the Forum's plenary meeting may join the Forum assuming they are eligible based on their financial size or scale, the amount of tax they pay directly or as intermediaries, as well as their representativeness and relative size within the sector.

On 19 March 2021 Iberdrola adhered to the Code of Best Practices of the Portuguese tax administration, expressly stating its intention to be bound by the principles, recommendations and guidelines set out therein.

In addition, in 2022 Iberdrola Clientes Portugal and certain other companies forming part of the Group applied for access to the *Fórum de Grandes Empresas de la Autoridade Tributária e Aduaneira (AT)*, a request ultimately accepted in 2024 following a unanimous vote in favour among the forum's members.

Relation de confiance (relationship of trust) with the French tax office

The French tax office has an enhanced cooperation programme known as *Relation de confiance*, the principles of which are transparency and clarity in sharing information, availability and understanding possible constraints facing the other party.

The aim of the programme is to assist and reassure businesses on tax issues defined jointly by the taxpayer and the tax office itself, such as general tax issues, VAT, withholding taxes, international taxation, and transfer pricing.

The tax office undertakes to designate a contact person for the taxpayer and to work alongside the latter in defining the terms of the long-term cooperation, identifying any tax issues that could carry a risk. Meanwhile, the taxpayer undertakes to provide relevant information and documentation on any issues raised and to respond to any and all requests received from the tax office within a reasonable timeframe, in accordance with an agreed timetable.

On 1 December 2023 Iberdrola's Tax Division held the first meeting with the French tax office to discuss its participation in this collaborative programme. The conclusions

of the meeting were positive, with Iberdrola ultimately signing the accession protocol in 2024, thus making it party to the *Relation de confiance* programme.

4. Tax transparency

The energy that moves us.

Iberdrola believes that transparency is fundamental for generating trust and credibility, both in the markets and among investors, as well as among people and other Stakeholders. That is why, as established in the *Sustainable Development Policy*, Iberdrola undertakes to:



Disseminate truthful, sufficient, relevant, complete, clear, reliable and useful information regarding the significant activities of the Group's companies and of the foundations linked thereto.



Encourage transparency, assuming a commitment to annually prepare and publish financial and non-financial information regarding its activities, following generally accepted methodologies and submitting the information to independent external verification with respect to the latter



Facilitate complete and truthful information regarding the taxes that Group companies pay in the countries and territories in which they operate.

To strengthen its commitment to transparency, **Iberdrola does not confine itself to publishing the information legally required** by the authorities of the countries or territories in which it has a presence, **but goes further and makes it a rule to voluntarily publish additional information** in the Group's various official reports, as reflected in the *Sustainable Development Policy*.

Statement of Non-Financial Information and Sustainability Report

The transparency of the consolidated non-financial information that the Group regularly publishes is a key element of its strategy to allow the Stakeholders to be aware of the social dividend generated by the Group.

The Iberdrola Group's *Non-Financial Information Preparation Policy* defines an orderly process for preparing the consolidated non-financial information applicable to all companies of the Group, one that is consistent with the principles of subsidiarity and decentralised management that govern the corporate and governance structure thereof, that ensures that the consolidated non-financial information has been prepared based on information provided by the various companies of the Group, and

that clearly describes the responsibility of the management decision-making bodies of each company in such process.

As part of this process, the corresponding tax divisions of the country subholding companies report the tax information required in the preparation of the non-financial information, in a manner consistent with *the Governance and Sustainability System*.

Iberdrola presents tax information in accordance with the consolidated standards of the GRI (Global Reporting Initiative) and, more precisely, with the standards set out in GRI-207 on tax, in addition to complying with regulatory obligations regarding the information to be disclosed in the Statement of Non-Financial Information.

A brief description of the content of the GRI-207 standard and its application at Iberdrola is set forth below

GRI 207-1. APPROACH TO TAX

Requirement	Application
<p>i. whether the organisation has a tax strategy, and if so if publicly available</p>	<p>Iberdrola’s <i>Corporate Tax Policy</i> sets out its tax strategy and is public and accessible through the corporate website..</p>
<p>ii. Governance body or executive-level position that formally reviews and approves the tax strategy and the frequency of reviews</p>	<p>The <i>Corporate Tax Policy</i> is constantly being reviewed. This power is vested in the Board of Directors.</p>
<p>ii. Approach to regulatory compliance</p>	<p>Tax compliance is a fundamental principle of the <i>Corporate Tax Policy</i>. To ensure a responsible tax approach, Iberdrola strives to ensure that taxation bears an appropriate relationship with the structure and location of its activities, human and material resources, and business risks. It also fosters a relationship with the tax authorities that is predicated on the principles of legality, transparency, fidelity, trust, professionalism, cooperation, reciprocity and good faith. Iberdrola is certified in Spain under the Spanish UNE 19602 quality standard for tax compliance management systems</p>
<p>v. How the approach to tax is linked to the business and sustainable development strategies of the organisation</p>	<p>In addition to the provisions of the preceding section, the responsible tax practices of the companies of the Iberdrola Group are enshrined in the <i>Sustainable Development Policy</i>. The companies of the Group share the principles reflected in the <i>Purpose and Values of the Iberdrola Group</i> and the <i>Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group</i>, and conceive of the social dividend as the direct, indirect or induced contribution of value of their activities for all Stakeholders.</p>

GRI 207-2. TAX GOVERNANCE, CONTROL, AND RISK MANAGEMENT

Requirement	Application
<p>a) Tax governance and control framework</p>	<p>The Global Tax Division approves and regularly reviews guidelines for the evaluation and management of tax risks, to be applied to all companies of the Group. It also proactively and independently monitors compliance with the tax principles and best practices enshrined in the Corporate Tax Policy.</p> <p>Implementation of the Iberdrola Group’s Governance and Sustainability System in the tax area</p> <p>The Board of Directors has the power to formulate the tax strategy and approve investments and transactions that are particularly important from a tax standpoint because of the high amount or special characteristics thereof.</p> <p>The implementation and monitoring of the tax strategy established at the Group level by the Board of Directors is the responsibility of the various companies of the Group. The tax strategy is structured around three levels: (i) parent company; (ii) subholding companies; and (iii) Head of Business.</p> <p>Group-level implementation and coordination of the Tax Policy:</p> <ul style="list-style-type: none"> i. The Head of Business report to the subholding companies regarding the level of compliance with the <i>Corporate Tax Policy</i>. ii. The audit and compliance committees of the country subholding companies report in turn to Iberdrola’s Audit and Risk Supervision Committee on the level of compliance with the <i>Corporate Tax Policy</i>. The regulated companies have audit and compliance committees that are responsible for such reporting. iii. Iberdrola’s Audit and Risk Supervision Committee provides the Board of Directors with information on the tax practices and standards applied by the Company during the year, and particularly on the Group’s level of compliance with the tax strategy. v. In addition, Iberdrola’s Head of Global Tax appears before the Operating Committee on a regular basis in order to report on all matters arising from any day-to-day activities considered relevant.
<p>b) Mechanisms for reporting concerns about unethical or unlawful behaviour</p>	<p>Iberdrola makes specific whistleblowing channels available to its Stakeholders, which constitute tools to report conduct that may involve the commission of an improper act or an act contrary to law or the internal rules of conduct, including with respect to taxes.</p>
<p>c) Assurance process for disclosures on tax</p>	<p>Review by internal experts and independent external third party experts.</p>

GRI 207-3. STAKEHOLDER ENGAGEMENT AND MANAGEMENT OF CONCERNS RELATED TO TAX

Requirement	Application
<p>Description of the approach to taxation and Stakeholder engagement: (i) Engagement with tax authorities. (ii) Public policy advocacy on tax. (iii) Processes for collecting and considering the views and concerns of Stakeholders.</p>	<p>Iberdrola, S.A. adheres to the Code of Good Tax Practices of the Forum of Large Businesses (<i>Foro de Grandes Empresas</i>) of the Spanish Tax Administration Agency (<i>Agencia Estatal de Administración Tributaria</i>) (AEAT).</p> <p>Iberdrola's commitment to compliance with and the further development and implementation of the Code extends to any other good tax practices that stem from the recommendations set out in the code, even if not expressly set forth in the <i>Corporate Tax Policy</i>.</p> <p>The Group is also committed to compliance with the OECD Guidelines for Multinational Enterprises in tax matters.</p> <ol style="list-style-type: none"> i. Voluntary submission to the Spanish Tax Administration Agency of the Annual Tax Transparency Report for companies adhering to the Good Tax Practices Code (<i>Código de Buenas Prácticas Tributarias</i>) (CBPT). ii. Voluntary submission of documentation on related-party transactions to the Spanish Tax Administration under the CBPT. iii. Voluntarily preparation and publication of the annual <i>Report on Tax Transparency of the Iberdrola Group. Our commitment to society</i>. iv. Publication of the Iberdrola Group's global tax contribution. v. Participation in specialised forums and committees. vi. Whistleblower channels to report any potentially unlawful or otherwise improper conduct.

GRI 207-4. COUNTRY-BY-COUNTRY REPORTING

Requirement	Application
<p>Financial, economic and tax information on each jurisdiction in which the organisation operates.</p>	<p>The <i>Report on Tax Transparency of the Iberdrola Group – Our commitment to society</i> includes the country-by-country report for the previous year presented on the same terms as those submitted to the Spanish tax office (AEAT).</p>

Comprehensive information on the application of the content of the GRI-207 standard on taxation and its application at Iberdrola is provided mainly in the *Corporate Tax Policy*, in the Statement of Non-Financial Information and in this Report.

Tax transparency reports

To demonstrate its absolute commitment to responsibility in tax matters, the disclosure of information to all of its stakeholders and good practices, and in the pursuit of excellence and ongoing improvement in transparency, Iberdrola voluntarily draws up and publishes each year this *Tax Transparency Report – Our commitment to society*, which contains global tax information relevant to all stakeholders, in

keeping with the highest good governance standards. The report is public and can be consulted on the Iberdrola Group's corporate website.

Furthermore, and in view of the usefulness and interest that this Report arouses among all stakeholders, in 2022 Neoenergia published for the first time, on a voluntary basis, its own tax transparency report titled *Relatório de Transparência Fiscal: Nosso compromisso com a sociedade*, a ground-breaking report in Brazil that includes information on the company's tax activity and performance. In addition to providing detailed information on the tax contribution in Brazil, the publication reinforces Neoenergia's commitment towards society by ensuring ethical principles of corporate governance in compliance with Brazilian legislation and international best practices. The Report is also being prepared for 2024.

At Iberdrola, we believe that, aside from our outstanding management of the tax function based on compliance, sharing relevant information on tax matters with our Stakeholders beyond what is legally required makes a genuine difference and enhances our reputation as a leading company when it comes to applying best practices in tax governance.

Our Tax Transparency Report is already an international market standard widely recognised by external analysts, and genuinely reflects our culture, values and unflinching commitment to responsible taxation.

5. Stakeholder engagement

At the heart of our decisions.

We guarantee our commitment to our Stakeholders

At Iberdrola we view six Stakeholder groups as absolute priorities: Iberdrola's own employees, shareholders and the financial community, customers, supply chain, communities, and environment.



The Iberdrola Group believes considers the engagement of Stakeholders in tax matters to be crucial. To this end, with the aim of building the trust expected of a Group such as Iberdrola, it engages its Stakeholders through the following initiatives, among others:

- Ensuring responsible tax practices.

- Adding value to tax sustainability.
- Viewing our tax contribution as part of the social dividend.
- Preserving the Group's long-standing reputation in tax matters.
- Upholding the principles of striving for excellence and continuous improvement at the highest levels.
- Embodying the highest expression of tax compliance culture.
- Fostering cooperative relations with the tax authorities in the jurisdictions in which the Iberdrola Group has a presence, based on mutual trust.
- Listening and engaging in dialogue, through participation in and attendance at specialised forums and committees so as to achieve effective two-way communication.
- Committing to anticipating and applying best tax practices.
- Making the maximum effort in terms of transparency and communication, through the dissemination and publication of relevant tax information, accessible to all Stakeholders.

We preserve and uphold our corporate reputation and convey security and trust through the engagement of our Stakeholders

We respond to their needs and expectations with respect to taxation.

As part of its relations with Stakeholders, Iberdrola considers their participation to be essential, engaging them through the disclosure of relevant tax information and through the members of the Tax Division, involved in forums, committees and specialised studies on tax matters. Iberdrola also actively participates in consultation procedures for the development of regulations.

Thus, the Iberdrola Group::

Global

- Has voluntarily published the annual *Report on Tax Transparency of the Iberdrola Group: Our Commitment to Society*, starting in 2019 (for financial year 2018).
- Cooperates with tax authorities, among others, in multilateral cooperative compliance programmes through the International Tax Compliance Assurance Programme (ICAP), promoted by the OECD.
- Takes part in the preparation of the Statement of Non-Financial Information by publishing significant tax information aligned with the GRI-207 standard on taxation.
- Attends international forums on governance and best practices.

Spain

- Plays an active role in the taxation working groups of both the Spanish Confederation of Business Organisations (*Confederación Española de Organizaciones Empresariales*) (CEOE) and the *Círculo de Empresarios*.
- Is present in the Spanish Association of Tax Advisors (*Asociación Española de Asesores Fiscales*) (AEDAF), the Spanish Association of Financial Law (*Asociación Española de Derecho Financiero*) (AEDF) and the Register of Economists and Tax Advisors (*Registro de Economistas y Asesores Fiscales*) (REAF).
- Is a member of specialised tax committees, such as the Tax Committee of the Spanish Gas Association (*Asociación Española del Gas*) (SEDIGAS) and the Tax Committee of the Association of Electricity Companies (*Asociación de Empresas de Energía Eléctrica*) (AELEC).
- Participates in tax governance initiatives organised by professional firms, associations and groups.
- Contributes to studies conducted by independent external parties on the tax liability and the contribution of large companies at the domestic and international level.

United Kingdom

- The tax team of Scottish Power is a member of the Chartered Institute of Taxation (CIOT) and the Institute of the Chartered Accountants of Scotland (ICAS).
- Membership in these bodies requires annual Continuing Professional Development (CPD), including attendance at the Industry & Commerce Indirect Tax Conference (CIOT), participating in the Tax in Industry Quarterly Forums and attending the UK Electricity Industry Tax Forum.

United States of America

- Is an active member of the tax committee of the Edison Electric Institute (EEI), the American Gas Association (AGA), the American Clean Power Association and the Global Business Alliance (GBA).
- Participates actively in the Council on State Taxation (COST).

Brazil

- Voluntarily publishes the *Relatório de Transparência Fiscal: Nosso compromisso com a sociedade* (Tax Transparency Report: Our commitment to society), starting in 2022 (for financial year 2021).
- Forms part of various associations where tax issues, among others, are addressed, including the Brazilian Association of Wind Energy Companies (ABEOLICA), the Brazilian Association of Electricity Distributors (ABRADEE),

the Union of Energy Companies of the State of São Paulo (SINDIENERGIA) and the Brazilian Association of Electricity Industry Accountants (ABRACONEE).

- It actively participates in *Programa Confia*, a cooperative tax compliance and transparency project launched by the Brazilian tax administration.

Mexico

- The members of Iberdrola Mexico's tax team attend and actively participate in ongoing tax training programmes, and are members of the Mexican Association of Public Accountants.

Other countries

- Voluntarily takes part in various cooperative relationship initiatives promoted by the local tax authorities, placing itself at their disposal in the countries in which it is present.

We take part in consultation procedures ahead of regulatory developments and involve our Stakeholders through our involvement in forums, committees and specialised studies.

6. Tax sustainability

We create value, progress and well-being

The *Corporate Tax Policy* incorporates best practices in relation to governance, and therefore also reflects certain key aspects of Iberdrola's sustainability roadmap..

Our tax contribution contributes to improvement of the communities in which Iberdrola is present.

The taxes that the companies of the Group pay in the countries and territories in which they do business are their main contribution to funding the public coffers and, therefore, one of their contributions to society.

The contribution to society through taxes paid in the communities where the Group is present is very significant and amounts to €10,300 million worldwide in 2024, 8% more than in 2023.

Iberdrola is also a clear advocate of fair environmental taxation, which upholds the "polluter pays" principle and helps to guide social behaviour in the transition to cleaner and healthier energy.

The Group pays its electricity taxes fairly and where they are due, in strict compliance with applicable legal provisions. In 2024, they amounted to €1,620 million, of which 71% was paid in Spain and 27% in the United Kingdom. However, the Spanish tax system does not appear to be pursuing the same aims by consistently placing undue tax pressure on the electricity sector.

We have a pioneering corporate governance structure that incorporates best practices and ensures transparency.

Iberdrola duly involves the governance bodies when necessary. More precisely, Iberdrola's Board of Directors is responsible for formulating the tax strategy and for approving investments or transactions that are particularly important from a tax standpoint due to the high amount or nature thereof. It also supervises, organises, coordinates and monitors the principles of conduct and good tax practices set out in the *Corporate Tax Policy* among those Group companies whose activities accrue a significant amount of tax.

In this regard, we ensure that the *Corporate Tax Policy* is complied with at all levels, through a tax reporting system aligned with the Group's corporate and governance structure.

Iberdrola also has guidelines for conduct that make up Iberdrola's *Tax Compliance System*, which is in line with international best practices in tax governance and risk management, allowing the Group to maintain its excellent reputation in this area and avoid significant risks. This system is duly certified by specialists agencies and subject to ongoing review for improvement, and is audited by external experts on an annual basis.

Lastly, Iberdrola upholds the highest levels of transparency with its Stakeholders, disclosing relevant information each year on its tax behaviour and contribution to society through the payment of taxes at the global level.

We provide free counselling and training to the most underprivileged segments of society.

Through Iberdrola's Pro Bono Legal and Tax programme, we work with public interest ("third sector") organisations to provide free legal and tax advice, using the law as a tool to transform and multiply our social impact.

Furthermore, as part of our ongoing quest for excellence, we continue to promote highly innovative initiatives, which in Spain include the staging of the 1st Sustainable Legal Advice Forum and the launch of a plan to decarbonise the legal profession.

At Iberdrola, we foster responsible taxation across all levels of the Company, because we are aware of the responsibility we bear towards society in the practice of tax law as well.

Contributions to society

We put energy into the things that matter.

Iberdrola is firmly convinced of the role it must play in society to improve opportunities for all groups; employees, shareholders and investors, suppliers and customers.

The Group has made it part of its culture to contribute to the transition to a new socio-economic model that is climate neutral, resilient, sustainable and inclusive.

In line with the social dividend recognised in the By-Laws, Iberdrola promotes various initiatives that demonstrate its social commitment to values such as community service (solidarity) and equal opportunity in areas such as sports, education, cooperation and assistance to the most underprivileged groups.

Through its foundations, the Iberdrola Group promotes social initiatives with the aim of contributing to the development of the local communities in which it has a presence. One of the aims of Iberdrola's foundations is to promote positive changes for the sustainable development of the planet and the most vulnerable people.



At the global level, Iberdrola's International Corporate Volunteering Programme is an initiative created to channel the spirit of community service among its employees and motivate them to take part in social projects aimed at the integration of vulnerable groups, the improvement of the environment and sustainable development. The people who make up the Office of the General Secretary and Secretary of the Board of Directors of Iberdrola also take part in this programme.

Between 28 September and 6 October 2024, under the slogan "Yo creo en un mundo mejor" ("I believe in a better world"), the Iberdrola Group held its 13th annual International Volunteer Week, in which numerous eco-friendly activities were organised in addition to social action activities, with the participation of all the countries in which the Group operates.

During the week, numerous initiatives were organised around Iberdrola's commitment to care for the environment and support vulnerable groups, including reforestation, recycling, beach and seabed clean-up and water conservation, among others. There were also online challenges and donations of food, clothing, hygiene products and school kits for children at risk of exclusion.

One of the main solidarity initiatives was the "Dorsal Solidario" project, a global challenge to help families in need. The initiative involves completing a route (whether walking, running or cycling) to encourage physical activity among the participants, while also nurturing a spirit of solidarity among our employees. Every five kilometres

run or walked and every 15 kilometres cycled is converted into a food basket to benefit almost 8,800 people.



Iberdrola is committed to the energy, cultural, environmental and social development of the communities in which it has a presence, incorporating the Social Dividend in the By-Laws.

Fundación Iberdrola España embodies a firm commitment to the development of initiatives that contribute to improving the quality of life of people, through actions to support training and research by awarding scholarships, environmental preservation with projects to protect nature, cultural development, paying special attention to the protection, conservation and maintenance of artistic and cultural heritage, cooperation and community service (solidarity), through social and labour inclusion initiatives for the most vulnerable groups, all to support the training a new generation of people capable of driving the transformation towards a sustainable energy model.

In Spain, Iberdrola earmarks 0.7% of its Corporate Income Tax quota for social purposes through the annual tax return.



Scottish Power makes regular contributions to community organisations and participates in activities to help the communities in which it operates, engaging every day in activities that have a positive impact on society.

Through the Scottish Power Foundation, the Group has helped support dozens of inspiring projects that benefit thousands of people across the United Kingdom.

In 2024, 20 charities received a total of £1.2 million in funding from the ScottishPower Foundation, supporting projects that have a positive impact on communities across the country.

Scottish Power employees make significant donations from their payroll to cooperative programmes, including the partnership with Cancer Research UK, the leading cancer research organisation in the world, as well as other charities chosen by the employees themselves.



The Avangrid Foundation contributes to sustainable development and works to improve human rights by making contributions to reduce poverty and improve the quality of life of the most underprivileged people, focusing on children, youth, women, and people with serious illnesses.

Through its Volunteering Programme, it takes part in initiatives to support the community and help the most vulnerable segments of society. In 2024, Avangrid's employees spent more than 37,000 hours on volunteering projects, well above the planned target and exceeding the tally for the previous year by nearly 60%.

The Avangrid Foundation also helps to amplify the work of employees in their communities through the *Energized for Good* programme. Through this initiative, the Avangrid Foundation donates \$15 per employee volunteer hour to charity (up to 100 hours per employee). In 2024, the *Energized for Good* programme generated nearly \$350,000 in donations to local non-profit organisations.



The Neoenergia Group works with domestic and international organisations tasked with providing principles and guidelines for the sustainable management of its business.

Through Instituto Neoenergia, they contribute to helping the local populations where they are present, connecting people, strengthening civil society networks and contributing to overcoming social inequality.

Neoenergia's Volunteering Programme also involved some 4,200 volunteers, who devoted more than 8,000 hours to solidarity actions, 11% more than the previous year. This ultimately benefited thousands of vulnerable people, as well as the natural environment and local flora and fauna.



Iberdrola Mexico remains socially committed to the communities in which it operates, carrying out a range of activities in conjunction with other non-governmental entities and organisations that have a positive impact on society's vulnerable groups.

Through Fundación Iberdrola México, it champions initiatives that help to improve the quality of life of the people living in those communities where Iberdrola México is present, while also caring for and protecting the natural environment and taking part in actions dedicated to training, research and innovation, the improvement of biodiversity, and sustainable human development.

In 2024, Fundación Iberdrola México benefited upwards of 175,000 people through various social initiatives such as "*Luces de Esperanza*" and "*Oaxaca Brilla*", reflecting its commitment to the development and growth of the communities where it operates.

One of the most important projects of Fundación Iberdrola México is "*Luces de Esperanza*", which brings electricity to rural communities without access to this service by installing solar power systems. Between 2019 and 2024, this initiative benefited more than 8,600 people by electrifying 738 homes, 27 schools and three healthcare centres.

Last but not least, Iberdrola allocated 0.53% of its 2024 net profits in Mexico to support disadvantaged sectors. Through the taxes it paid, it also enabled various activities relating to training and research, biodiversity and climate change.

Iberdrola's Pro Bono Legal and Tax programme

Small changes that make life easier for people.

Pro-bono legal and tax services

The main goal of Iberdrola's Pro Bono Legal and Tax programme, which the Group runs across all countries in which it operates, is to contribute to the development of society, extending the qualified value of our legal professionals to the third sector and getting them involved in pro-bono activities, making training, guidance and legal and tax advice services available to NGOs and organisations without resources, to cover their legal needs.

Organisation of Iberdrola's Pro Bono Legal and Tax programme

The Pro Bono Programme focuses on three activities: providing legal and tax advice to not-for-profit organisations, providing training, and promoting and raising the profile of the pro bono culture, all in partnership with the most prestigious global law firms.

This initiative has a global committee that defines and promotes the implementation of the programme's strategy, and local pro bono committees in Spain, the United Kingdom, the United States, Brazil and Mexico, which ensure that the objectives set by the programme's management are met and coordinate the legal assistance provided to cases submitted by the different organisations..

First company to join the Fundación Pro Bono in Spain.

In 2022 **Iberdrola was the first company to join Fundación Pro Bono in Spain, marking a milestone in pro-bono practice in Spain.** Fundación Pro Bono España channels the demand for pro-bono legal services, acting as an intermediary between social organisations in need of legal assistance and lawyers with the capacity to help. Since its creation in 2018, it has been working to promote pro-bono practice and raise awareness among lawyers of the social dimension of the legal profession. With a network of more than 40 law firms and several partner universities, Iberdrola became the first corporate member to join its ranks..

"Construyendo Juntos", an agreement for society.

In Spain, "Construyendo Juntos" (Building Together) was launched in 2023 as a pro-bono legal initiative for social entities, in collaboration with 14 law firms. On 28 November 2023 the programme was presented to more than 100 participants, including social organisations such as Save The Children and UNICEF, as well as the main law firms in Spain.

There were a total of 15 major projects in 2024, involving 63 in-house lawyers and with the collaboration of 72 external lawyers. The projects address issues ranging from labour rights and energy justice, to the functioning of foundations and the impact of climate change on children's rights. They also include programmes offering guidance and job placement for the unemployed, as well as training projects such as a paralegal qualification for people with disabilities, or training for lawyers on how to support the most vulnerable, among other activities.

Scottish Power and Neoenergia's legal services teams also launched their own "Construyendo Juntos" programmes in 2024.

Iberdrola's Pro Bono Legal and Tax programme in figures

Committed legal and tax advice.

In 2024, around 190 Iberdrola employees participated in initiatives promoted under Iberdrola's Pro Bono Legal and Tax programme, more than twice as many as in the previous year. More precisely, **a total of 36 legal and tax consultancies and 60 training projects were carried out, advising more than 230 associations and foundations and benefiting upwards of 11,000 people.**

1st Sustainable Legal Advice Forum

We promoted the 1st Forum on Sustainable Legal Advice.

The 1st Sustainable Legal Advice Forum, promoted by five IBEX-35 companies, was held at the Iberdrola Campus in Madrid on 29 February 2024. Over the course of the event, in-house legal departments shared their experience and initiatives in adding value to the sustainability strategy of companies.

The aim of the Forum is to reach out to the Spanish business community in order to influence and generate sustainable behaviour through the contributions of legal firms.

Decarbonisation of the legal profession

Innovative legal and tax consultancy.

Iberdrola Spain launched a pioneering initiative to decarbonise the legal profession in 2024.

It is a ground-breaking and comprehensive proposal to help the law firms it works with reduce and offset their emissions, based on three pillars:

- Calculation of the carbon footprint and preparation of a decarbonisation plan through a platform, where a personalised study of the economic and energy saving measures with the greatest impact for each firm is prepared

dynamically, based on their consumption and facilities, as well as responding to regulatory compliance.

- Advice and preferential conditions when pursuing energy reduction and saving measures, based on the decarbonisation solutions offered by Iberdrola Clientes, such as the electrification of the vehicle fleet (Smart Mobility), more efficient solutions for air conditioning like Aerothermal (Smart Clima), and self-consumption solutions (Smart Solar).
- For those emissions that are difficult to eliminate, Iberdrola España facilitate participation in projects to offset and absorb the carbon in nature. These projects generate high quality carbon credits, with multiple social and environmental benefits.

Notably, the plan also offers the opportunity to participate in an emblematic natural project in Spain for the sector, involving the planting of a forest that will recover a degraded or fire-ravaged area, thus contributing to the fight against climate change by promoting biodiversity and improving the rural economy.

At the Office of the General Secretary and Secretary of the Board of Iberdrola, we are aware of the contribution we can make to society by engaging in worthy social projects, which makes us leaders when it comes to legal innovation.

7. Internal Reporting System. Whistleblower channels

Iberdrola has implemented an internal whistleblower system in accordance with applicable law and based on the principles set forth in the *Internal Reporting and Whistleblower Protection System Policy*.

These channels function as tools that allow shareholders, directors, employees, suppliers and other third parties to inform about any improper act or potential illegal acts or acts contrary to law or to *the Governance and Sustainability System* and that affects Iberdrola, its contractual relationship with its suppliers, or the interests and image of the companies of the Iberdrola Group.

All communications received through these internal channels are considered confidential information, and they may also be submitted anonymously in the case of whistleblowing. In all case, there is a firm commitment among all of the Group's companies to prohibit any form of retaliation or reprisal against those who make use of the whistleblowing channels, unless they do so in bad faith.

8. Certifications and recognitions

Certifications



AENOR Certification to the UNE 19602 Standard: Tax Compliance Management Systems.

Satisfactory audit with no non-conformities for the sixth year running.



Tax Transparency Seal 2024. Awarded the highest level “t***” rating by the Foundation, as 100% of the proposed measurement indicators were met.

Iberdrola has been recognised, for yet another year, as one of the most transparent IBEX-35 companies in tax matters. This is a certification from an independent institution that assures compliance with transparency standards (similar to ISO/UNE).



International recognition for tax transparency: First Spanish company to earn the Fair Tax Mark.

Certification from the Fair Tax Foundation that the Iberdrola Group pays taxes responsibly around the world.

Awards and accolades

World Jurist Association

Iberdrola was awarded the World Jurist Association’s “Pioneers and Legal Practice” Medal of Honour in 2023. The World Association of Jurists honours outstanding individuals and institutions that promote the rule of law around the world.

The medal was presented by His Majesty the King at the United Nations Headquarters.

Legal Power List: A Word About Wind

The General Secretary and Secretary of the Board of Iberdrola has been recognised as the world’s most influential lawyer in the energy sector according to the Legal Power List compiled by the “A Word About Wind” association.

Top In-House Leaders by Financial Times

The General Secretary and Secretary of the Board of Iberdrola was recognised in 2023 as one the world’s 20 best lawyers.

Global Counsel Awards by Lexology

The Iberdrola Group's Head of Global Tax was recognised as European and Global Tax Manager of the Year 2021 at the Global Counsel Awards in the Corporate Tax area.

The Global Counsel Awards are considered one of the most prestigious awards for distinguishing professionals who are industry leaders and recognising in-house legal professionals.

Top 50 Women in the legal sector in Spain and Portugal, according to *Iberian Lawyer InspiraLaw*

This annual award recognises the endeavours of 50 women in promoting the role of women in the legal sector and in society in general.

Iberdrola's Head of Global Tax was included on the 2024 list as one of the 50 most inspirational women who increase the visibility, diversity and inclusion of women in business in general and in tax in particular.

Top 100 Mujeres Líderes en España (Top 100 Leading Women in Spain)

This is an organisation whose main objective is to raise the profile of female talent in order to build a society based on equality. In its 2023 edition, the Iberdrola Group's Head of Global Tax was recognised as one of the Top 100 Women Leaders in Spain in the executives category.

Lexology European Awards

Iberdrola's legal team has won the Best In-House Energy & Natural Resource Team Award at the Lexology European Awards 2025. Iberdrola's Head of Legal Services was also nominated for the General Counsel of the Year award.

These awards recognise leaders and innovators who have had a significant impact on the development of law and business across Europe.

Gold Awards by Iberian Lawyer

Iberdrola won the award for best in-house team of the year in the energy sector in 2024 (Best Energy Legal Team), for the second year running. The Golden Awards by Iberian Lawyer recognise the excellence of in-house legal and tax professionals in Spain and Portugal..

Iberian Lawyer Energy Awards

The Head of Legal Services at Iberdrola Spain was awarded In-House Counsel of the Year Renewables at the 2024 Iberian Lawyer Energy Awards for his outstanding ability to find innovative initiatives that enable the development of renewable energy sources.

Expansión Jurídico Awards

The sale of 55% of Iberdrola Mexico in 2024 won the “Best Deal of the Year” award at the 9th edition of the Expansión Jurídico Awards, the most prestigious legal awards in Spain.

For the third year running, in 2024 Premios Expansión bestowed upon Iberdrola the “Most Innovative Project” title for its Iberdrola Legal Hub project, a platform that digitalises the processes for managing contracts with third parties and legal consultations.

Good Corporate Governance Awards 2024

Iberdrola won the Best Corporate Governance Report award at the 1st Congress on Good Corporate Governance organised by the *Instituto de Gobernanza Empresarial* (Corporate Governance Institute).

These awards recognise those individuals and organisations that foster excellence in corporate governance and showcase the work of those who lead the way forward with transparency, while promoting responsibility and good practices in the corporate sphere.

Top In-House Leaders by Financial Times

The tax and legal team has been ranked by the Financial Times and legal think tank RSGI in their Top In-House-Legal Leaders ranking, which recognises the top 20 legal teams in the world.

The Financial Times highlighted the creation of the Iberdrola Legal Innovation Centre and the support given to pro bono programmes.

La Razón Tu Economía awards

“*Tu Economía*” award for Excellence in Corporate Governance by La Razón. In 2023, Iberdrola received the Tu Economía award from the newspaper La Razón for Excellence in Corporate Governance. The award recognises that Iberdrola’s commitment to environmental, social and governance criteria is a hallmark of the company.

Innovative Lawyers by Financial Times

Iberdrola Legal Hub, a platform that digitalises the entire process of managing contracts with third parties and legal consultations, received the 2024 Financial Times Innovative Lawyers Award in the category of Operational Transformation (Legal Operations).

Iberdrola’s “Pro Bono Legal and Tax” programme also received the 2023 Financial Times Innovative Lawyers award in the Sustainability category. This is Europe’s most

prestigious award for innovation and recognises the most disruptive projects of law firms and in-house legal departments.

National Law Gala – Legal Marcom Awards 2024

Iberdrola's Office of the General Secretary and Secretary of the Board received the award for best solidarity initiative in 2024 for the *Construyendo Juntos* project. Under this initiative, Iberdrola's lawyers and tax experts worked alongside 16 national and international law firms to provide free legal training to 100 third sector entities and upwards of 700 vulnerable people.

The gala is there to award innovation and leadership in the legal sector in Spain and Latin America.

World Finance Corporate Governance Awards

Iberdrola and Avangrid received the World Finance awards for Best Corporate Governance in Spain and the United States in 2023.

The awards are in recognition of companies with governance platforms that are proof of their commitment to transparency..

Aptíssimi Awards by ESADE

In 2023 the Office of the General Secretary and Secretary of the Board of Directors received the ESADE Award for Best Corporate Law Department. The awards are considered the benchmark awards in the field of corporate law in Spain, recognising the multidisciplinary nature and work as a single team of the Office of the General Secretary and Secretary of the Board of Directors of Iberdrola..

5. Responsible tax practices

Ethics and compliance as parameters for responsible tax behaviour

Paying taxes fairly is part and parcel of the Iberdrola Group's good tax governance

Iberdrola's tax practices are inspired by the *Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group*, and are based on a commitment to ethical principles, good corporate governance and transparency.

Good tax governance requires responsible and ethical tax practices with a commitment to society in general and to transparency, elements that inspire our day-to-day activities in this area, showing that it is possible to maintain an optimal balance among the various legitimate expectations of the Stakeholders.

The Iberdrola Group has a legitimate obligation to maximise financial return for its shareholders, which leads, always within strict legal and compliance requirements, to ensure the maximum possible profit and increase returns for its shareholders, while respecting the legitimate interests of the other Stakeholders. As a listed company, Iberdrola has a large and highly fragmented shareholder base, distributed across institutions, pension funds and individuals who trust in Iberdrola as a means to secure them a future income. Iberdrola therefore has an obligation to return the trust of these shareholders in the Company in the form of a financial dividend.

But the **Group's strategy is far broader than the mere achievement of its own financial profitability, as the financial dividend is only one component of the social dividend**, which is understood as the direct, indirect or induced value of its activities for the Stakeholders, the maximisation of which is a priority of the group, whereby the overall dividend is the sum of the financial dividend plus the social dividend.

Iberdrola contributes, with the social dividend generated through its activities, with its tax contribution, and by pursuing its corporate object in accordance with the principles set forth in its environmental, social and corporate governance and regulatory compliance policies: to nurture and support society, both from an economic standpoint and in terms of business ethics, to foster innovation, to ensure respect for the environment and the fight against climate change, and to generate quality employment based on diversity, inclusion and a sense of belonging, among other measures of well-being.

Iberdrola's contribution to stakeholders with its social dividend is one of the basic premises underpinning the success of Iberdrola's business enterprise.

This strategy seeks to put the Group at the forefront of best practices in this area and position Iberdrola as one of the best companies for the world, ultimately aspiring to act as a driver and lever for social and environmental change.

In addition, true to its firm commitment to the creation of value for society as a whole, the Iberdrola Group continues to work to further strengthen the initiatives that make up the social dividend with a view to ensuring that its activities have a positive impact on all of the communities in which the Group has a presence.

This commitment is embodied in numerous initiatives at the global level, including actions to promote the integral development of the most underprivileged groups through social and awareness-raising projects, thereby guaranteeing the Group's social action..

We pay our taxes fairly wherever they are due

The Iberdrola Group works to maximise its financial and social profitability, without in any way compromising compliance with its tax obligations. **Iberdrola has been, is and will continue to be a leading company in the area of tax compliance, ensuring that it faithfully and loyally contributes to sustaining public finances.**

However, in recent years, there seems to be a persistent spread of the erroneous idea that multinational companies generally pay little tax, calling into question the lawfulness of their actions, extending this opinion to apply equally to companies that comply with all their tax obligations in line with the highest standards required by good tax practices.

This idea focuses exclusively on analysing the contribution of multinational groups, taking only Corporate Income Tax as the typical corporate tax. However, while this is a very important tax, it is not the only form of taxation through which the Group contributes, making it essential to analyse the Group's overall tax contribution to society in general.

It is therefore more necessary than ever to provide society in general with the information needed for it to be able to assess the actual contribution that the Iberdrola Group makes to public finances. It is only in this way that its Stakeholders can have an accurate view of reality, preventing biased information or information not applicable to the Iberdrola Group from distorting the extraordinary role that Iberdrola plays through its tax contribution.

Total tax contribution in the year

Iberdrola contributed an unprecedented €10,300 million to the public coffers in 2024.

Total tax contribution (€ million)	2024
Own taxes	5,279
Corporate Income Tax	1,940
Non-deductible VAT and similar	13
Company contributions on salaries	405
Local taxes	1,135
Electricity taxes	1,620
Other own taxes	166
Taxes collected	5,021
VAT and similar	3,833
Withheld third-party income	942
Other taxes collected	246
Total	10,300

Own taxes

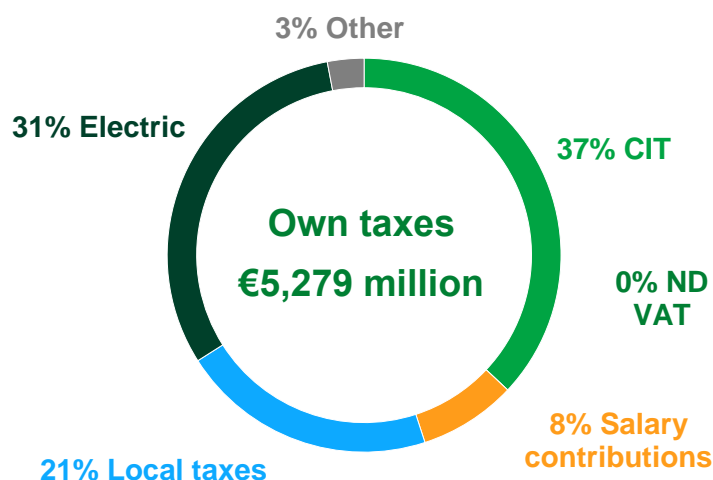
Own taxes are those that have a direct impact on Iberdrola's income statement. The most significant of these are (i) Corporate Income Tax, (ii) electricity taxes specifically levied on the Group's activities, and (iii) local or federal taxes in the different countries.

In relation to these own taxes, it should be emphasised that:

1. Corporate Income Tax is not the only tax that Iberdrola pays

However, it is one of the most significant, accounting for almost 37% of its taxes charged to the income statement in 2024, for a total of approximately €2,000 million.

Distribution of taxes charged to the income statement



However, in quantifying the taxes that a company pays, there continues to be a partial trend among some commentators to focus solely on the Corporate Income Tax, which is incorrect, as it distorts the analysis of a company’s real tax contribution. Iberdrola is affected by more than 100 different taxes worldwide. Therefore, although it is a significant tax, using the Corporate Income Tax as the sole reference point to measure the Group’s taxation and tax responsibility would provide a very partial and biased view, and would also be clearly erroneous.

In any case, the absolute Corporate Income Tax figures for the companies of the Iberdrola Group are by no means low. Of the nearly €2,000 million paid in 2024, around €900 million related to Spain, equivalent to 46% of the total.

Income tax paid by the Group has also increased over the last five years, representing on average 32% of the total tax charged to the income statement and rising 30% in 2024.

Trend in Corporate Income Tax paid in the last five years

	Corporate Income Tax € million	Own taxes ³	% Own taxes
2020	843	2,999	28%
2021	832	3,213	26%
2022	1,064	3,431	31%
2023	1,492	4,704	32%
2024	1,940	5,279	37%
Total	6,171	19,626	31%

³ Includes other electricity sector charges

In addition, a second fundamental issue is how to measure the effective Corporate Tax Rate. Depending on the inputs used, this ratio can vary considerably. There is a tendency to compare Corporate Income Tax paid locally in a country with the profits of the company, without taking into account the fact that these profits often include foreign-source income that has already been subject to its own corporate income tax in the country where the income was earned. Because these calculations are made at the local level, foreign corporate income tax is often not included, which greatly distorts the tax contribution ratios. A rigorous analysis requires the comparison of homogeneous quantities. In this respect, the application of the OECD's global minimum taxation mechanism, as well as the existence in other countries of rules that also set a minimum rate of taxation, should lead to the abandonment of these biased views in relation to corporate taxation.

2. Existence of other taxes.

Besides the Corporate Income Tax, the Iberdrola Group contributes via many other forms of taxation (other tariffs, levies, duties, etc.) that accrue on its business activities, often simultaneously at a global level. Other taxes in the electricity sector are particularly sizeable in this regard.

▪ Electricity taxes

In this respect, the case of Spain is particularly noteworthy, where the applicable electricity taxes are assessed specifically and exclusively on the basis of the activity of electricity generation, and are set by the different levels of government (national, autonomous community and local), which not only complicates the tax perspective, but also creates different tax categories that sometimes overlap, giving rise to cases of double taxation or situations that could be considered to be far from the paradigm of what tax fairness, inspired by the principle of equality, should be in relation to other sectors of activity.

Taxes on the electricity business paid by the Iberdrola Group worldwide in 2024 exceeded €1,600 million, up 7% on the previous year and accounting for 31% of the taxes charged to the income statement.

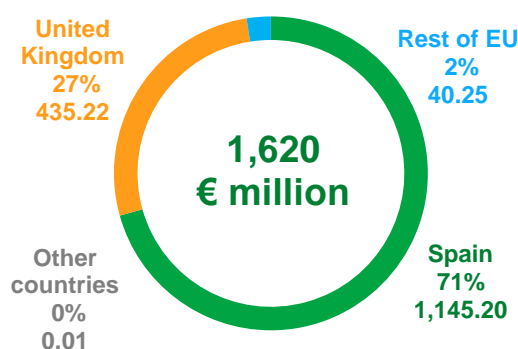
The tax burden on the Group's electricity business in 2024 was concentrated in Spain, which accounted for 71% of all electricity taxes borne by the Group. Next in line is the United Kingdom, where the Group paid a total of €435 million in electricity taxes during the period, representing 27% of the Group's total electricity taxes. This means that Spain and the United Kingdom account for almost all of the Group's electricity taxation.

Breakdown of electricity taxes and charges paid⁴

Electricity taxes 2024 ▶ **€1,620 million** Electricity taxes

€331 MILLION Windfall profit taxes

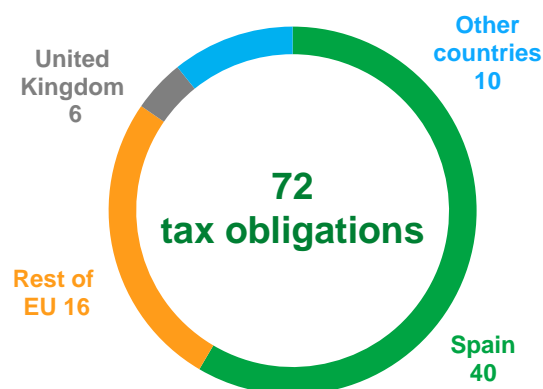
Country/Tax	€ million
Spain	1,145.20
ENRESA rate	203.17
Water (Water Charge)	197.49
IVPEE (7%)	178.81
Autonomous regions ("Ecotasas")	146.70
Temporary levy WPT	132.27
Nuclear fuel	109.22
Subsidised Rate	75.97
Reduction mechanism WPT	43.31
Energy Efficiency	43.13
Nuclear Safety Council	14.12
I. Company electricity	0.57
I. Special – hydrocarbons: Natural Gas	0.44
I. Special – plastic packaging	0.00
United Kingdom	435.22
Electricity Generation Levy WPT	152.32
OFGEM License Fee	7.00
Energy Company Obligation	207.01
Warm Home Discount	11.14
Smart Meters – in-home displays	57.74
Portugal	33.25
Subsidised rate (<i>Bono Social</i>)	32.00
Hydraulic Resources Tax (<i>Taxa de Recursos Hídricos</i>) (TRH)	0.07
Claw back WPT	0.76
<i>CESE</i>	0.43
France	2.64
Offshore Tax	2.64
Greece	2.28
Green Taxes	1.78
Wind Farm Licenses Tax	0.50
Poland	1.98
Claw back WPT	1.98
Cyprus	0.10
Green Taxes 1,8 % - 3,6 %	0.08
Other Energy Taxes	0.01
Mexico	0.01
I. Atmospheric emissions of gas	0.01
TOTAL	1,620.68



⁴ WPT: windfall profit tax.

Breakdown by country of the number of electricity taxes and charges paid

Country	No. of taxes	€ million	%
Europe	62	1.620	100%
Spain	40	1,145.20	70.66%
United Kingdom	6	435.22	26.85%
Portugal	4	33.25	2.05%
France	1	2.64	0.16%
Greece	3	2.28	0.14%
Poland	2	1.98	0.12%
Cyprus	2	0.10	0.01%
Italy	1	0	0.00%
Romania	1	0	0.00%
Germany	1	0	0.00%
Ireland	1	0	0.00%
Other	10	0	0.00%
United States	2	0	0.00%
Brazil	4	0	0.00%
Mexico	4	0.01	0.00%
Total	72	1,620.68	100%



The Group is formally subject to 72 electricity taxes worldwide, although 14 of these do not give rise to any actual payment. Of the remainder, the vast majority relate to Spain; a total of 40 electricity taxes, with a total payment of €1,145 million. This shows that electricity activity is clearly penalised in Spain, with a very high level of both formal obligations in this regard and tax payments. More to the point, Spain accounted for 70.66% of the total amounts paid, reaching €1,145 million in 2024.

While there was a slight reduction in the amount of electricity taxes and electricity levies paid by the Group in Spain in 2024, the tax contribution for this particular concept remains particularly significant, exceeding 1,100 million euros.

Windfall profit taxes

In addition, windfall profits taxes have been implemented in a number of European countries since 2022, based on the notion that the extraordinary profits made by energy companies as a result of rising oil and gas prices should be taxed. Spain and the United Kingdom are prime examples.

These windfall profit taxes were regulated at European level by Council Regulation (EU) 2022/1854, of 6 October 2022, which set out two relevant measures for this purpose:

- A cap on electricity prices of €180/MWh for infra-marginal technologies.
- A compulsory solidarity contribution for the crude oil, natural gas, coal and refinery sectors, on 33% of windfall profits or an equivalent domestic measure that helps to make energy more affordable.

Member States introduced these measures in a range of ways. For electricity prices, a cap was set which directly reduces the turnover of the electricity companies, with any excess over the price set in each country having to be paid either to the relevant regulator or to the tax authorities. Moreover, the price cap has been set at variable rates and in some countries the cap has been fixed at a significantly lower level than that laid down in the Community Regulation. Spain, with a price cap of €67/MWh, is one of the countries where a lower cap was adopted. This means that the excess revenue generated by Iberdrola in Spain on contracts where the price of the energy exceeds this limit of €67 has automatically had to be paid to the CNMC through the remuneration reduction mechanism, thus representing an effective tax on the Group's profits.

The second measure, the compulsory and solidarity-based contribution, has also been introduced in the Member States, generating a significant and unplanned cost overrun within the European electricity sector, especially in Spain.

In the specific case of Iberdrola, these measures—known as windfall profit taxes—led to the payment of €840 million over the 2023–2024 period, the most relevant being:

Windfall profit taxes – € million	2024	2023	Total
Spain	176	438	614
Spain: Temporary levy	132	213	345
Spain: Reduction mechanism	43	226	269
Rest of Europe	155	71	226
United Kingdom Electricity Generation Levy	152	66	218
Portugal: <i>Taxa Uso Global do Sistema de Produção</i> – Claw back	1	0	1
France: <i>Rente inframarginale</i> – Claw back	0	1	1
Poland: Claw back	2	4	6
Italy: Windfall tax	0	0	0
Total	331	509	840

In the case of Spain, Law 38/2022 of 27 December ushered in a temporary energy levy, which was to remain in effect, in principle, throughout 2023 and 2024. This levy was applied not only to oil and gas companies but also to electricity undertakings.

Even if this turned out to be just another formal obligation, it should not have had an impact on the electricity sector, which was already “taxed” on alleged windfall profits through the remuneration reduction mechanism. However, the Spanish rule does not apply to corporate profits but directly to turnover, which has resulted in double taxation to mitigate the same exceptional circumstance. As a result, the Spanish electricity sector has been heavily affected by these measures, which have led to a significant cost overrun and substantially eroding the Iberdrola Group’s profit. In the last two years, this rule has given rise to the payment of €614 million, €345 million in the form of the temporary energy levy plus a further €269 million under the Remuneration Reduction Mechanism.

Iberdrola takes the view that this levy is in breach of the Spanish Constitution and incompatible with EU law and that it should not be levied on the electricity sector which is already capped in terms of its prices. Therefore, assisted by its internal and external advisors, it brought the necessary legal actions to legitimately defend its shareholders’ interests, seeking the repeal of that tax and recovery of the amounts paid to the tax authorities.

For its part, the United Kingdom approved the Electricity Generation Levy in 2022, to be implemented from 1 January 2023 to 31 March 2028. The Electricity Generator Levy is payable by companies and groups of companies that generate electricity in the United Kingdom and are connected to the National Grid.

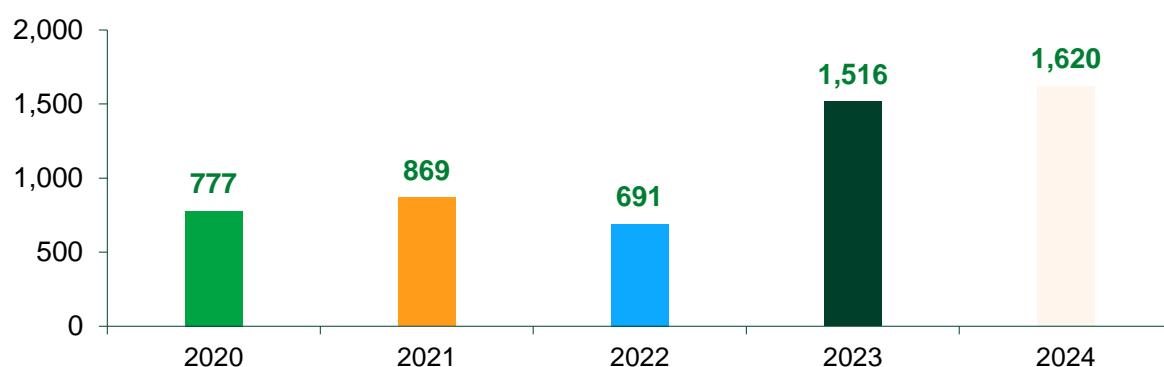
This new levy is a temporary additional charge of 45% on revenues from wholesale electricity generation sold at an average price above £75 per MWh during the period.

Scottish Power paid a total amount of €218 million (£186 million) to the UK tax authorities in 2023 and 2024, with payments totalling €152 million in 2024 and €66 million in 2023.

Trend in electricity taxes paid over the last five years

In the period spanning 2020 to 2024 (the last five years), the Iberdrola Group paid nearly €5,500 million in electricity taxes, with the highest contribution in Spain, at more than €4,700 million.

Electricity taxes ⁵ € million		Own taxes	% Own taxes
2020	777	2,999	26%
2021	869	3,213	27%
2022	691	3,431	20%
2023	1,516	4,704	32%
2024	1,620	5,279	31%
Total	5,473	19,626	28%



As can be seen, taxation of the electricity sector has been trending upwards over the last five years, with the exception of 2022, when the amount of taxes paid decreased due to the consumer protection measures put in place in response to the prevailing trend in energy prices.

The tax burden on the electricity sector by country is as follows:

Electricity taxes € million	2020	2021	2022	2023	2024	Total	%
Spain	768	862	651	1,293	1,145	4,719	86%
United Kingdom	-	-	-	215	435	650	12%
United States	-	-	-	-	-	0	0%
Brazil	-	-	-	-	-	0	0%
Mexico	-	-	-	-	-	0	0%
Other countries	9	7	40	8	40	104	2%
Total	777	869	691	1,516	1,620	5,473	-

⁵ Includes other electricity sector charges.

The conclusion, therefore, is that a company such as Iberdrola—a leader in renewable energies—is required to pay much more in taxes than other companies operating in the energy sector.

All of this is paradigmatic for a Group that, for more than two decades, has been firmly committed to clean energy, promoting a sustainable energy transition, conducting its business on the basis of respect for and protection of the environment, meeting or exceeding the standards set by applicable environmental laws and regulations, minimising the impact of its activities on the natural environment and promoting actions that contribute to its protection, and participating in and sponsoring research and development projects that promote the decarbonisation of the economy.

Proper and fair environmental taxation drives positive change in social behaviour, incentivising behaviours that are conducive to the energy transition and penalising behaviours that harm it. Achieving environmental goals is necessary, and the most urgent objective remains that of decarbonisation. Until now, Spanish tax legislation has failed to embrace this role of protecting environmental objectives and promoting the changes needed to achieve them. In fact, it seems to do exactly the opposite by focusing instead on purely revenue-raising objectives.

Iberdrola is a clear advocate of a comprehensive change in environmental taxation in Spain to guarantee the “polluter pays” principle, and to help steer social behaviour towards cleaner and healthier energy, with long-term strategies needed to ensure a more predictable and stable environment. The EU’s “Fit for 55” package of legislative proposals is an example of the way forward for environmental policy and taxation.

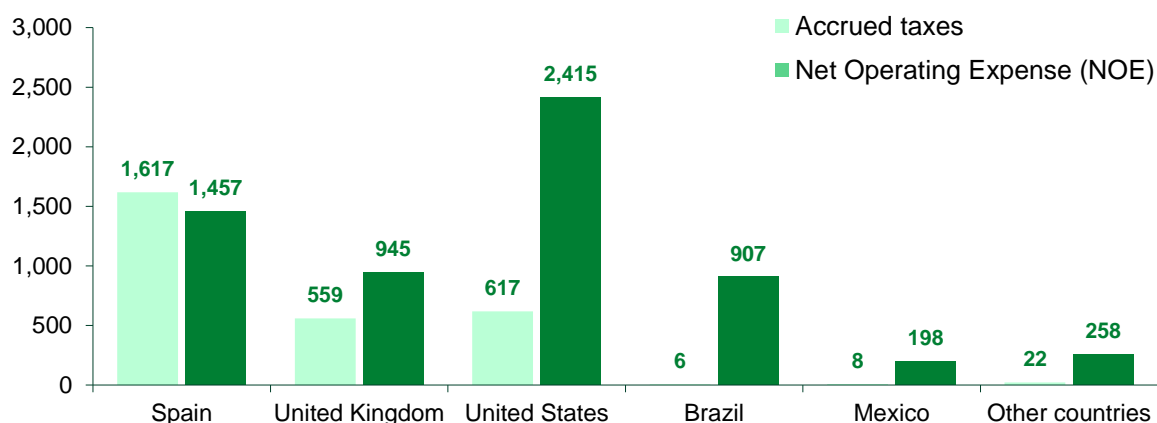
Breakdown of the “Other taxes” account in 2024

An analysis of the financial statements reveals a result in terms of accruals similar to the analysis obtained in relation to taxes paid. More precisely, the following table shows the relationship between the Other taxes account—which includes most of the tax items with the exception of Corporate Income Tax and social security contributions—and the Group’s net operating expenses, both at the global level and in Spain.

Jurisdiction € million	Taxes accrued	Net Operating Expense (NOE)	Taxes / NOE
Spain	1,617**	1,457	111%
United Kingdom	559	945	59%
United States	617	2,415	26%
Brazil	6	907	1%
Mexico	8	198	4%
Other countries	22	258	9%
Total	2,830	6,180	46%

*Does not include Corporate Income Tax.

**Does not include amounts recovered.



Taxes accrued* € million	2024	2023	Difference
Temporary levy	99	213	-54%
Water charge	264	191	38%
IVPEE (7%)	258	5	-
Subsidised Rate + EE	102	274	-63%
Reduction mechanism	70	225	-69%
ENRESA rate	226	203	11%
Electricity Generation Levy (United Kingdom)	154	65	137%
Other	1,657	1,572	5%
Total	2,830	2,748	3%

* Does not include Corporate Income Tax.

In Spain, the taxes accrued that directly affect the Group's economic activity, i.e. excluding corporate income tax, show that the Group bears in Spain an amount in these taxes similar to the cost of its net operating expenses (NOE) and financial expenses. As shown above, the accruals comparison shows that the economic activity carried out by the Group is clearly penalised from a tax standpoint in Spain.

Local taxes

The amount of local taxes paid by the Iberdrola Group came to more than €1,130 million worldwide in 2024, accounting for 21% of the taxes charged to the income statement.

Local taxes (€ million)	2024
Spain	312
United Kingdom	168
United States	645
Brazil	5
Mexico	0
Other countries	5
Total	1,135

Local taxes are particularly important in Spain and the United States of America, accounting for 84% of taxes paid in 2024.

In the last five years, the Iberdrola Group has contributed more than €5,200 million to public coffers worldwide.

Local taxes € million		Own taxes	% Own taxes
2020	905	2,999	30%
2021	961	3,213	30%
2022	1,106	3,431	32%
2023	1,139	4,704	24%
2024	1,135	5,279	21%
Total	5,246	19,626	27%

3. The Group pays taxes in the territories in which it operates in strict compliance with prevailing tax regulations and ensuring a close link between the tax burden and its economic activity.

On no account does Iberdrola artificially transfer profits from one jurisdiction to another to drive tax bases down and minimise tax payments. Furthermore, the Group lawfully applies the mechanisms to avoid double taxation of profits and income. Therefore, considering that these mechanisms are at the core of global tax systems, it seems that judging their fair application in international groups alters the relevance of their tax contribution and undervalues the business and wealth generated in these territories.

4. Iberdrola lawfully applies applicable legal provisions in each country in which it has a presence.

It is common for different regulatory entities to establish tax incentives in order to stimulate investment in their tax jurisdictions, which are entirely legitimate incentives that reduce or defer the tax burden for businesses, including multinationals. Iberdrola's investment effort is intensive, with the overriding aim of ensuring absolute protection for the natural environment. This generates a highly significant direct, indirect and induced impact on society, which sometimes allows Iberdrola to avail itself of certain tax incentives. When this happens, the Group validly applies them.

The Group therefore applies those rules that permit the application of tax incentives strictly in line with applicable law in each case, but this should not lead to the mistaken opinion that there is any avoidance of its tax obligations; rather, entirely to the contrary, i.e. the Group is contributing to investment and business development for the creation of wealth and employment in accordance with the legal parameters established in each case. Moreover, in the case of the Iberdrola Group, this investment is mainly aimed at smart grids and renewable energy, both of which are essential elements for the energy transition.

All of the foregoing is without including the Group’s efforts in other economic areas that contribute to the general interest, as well as its social action.

▪ **Taxes collected**

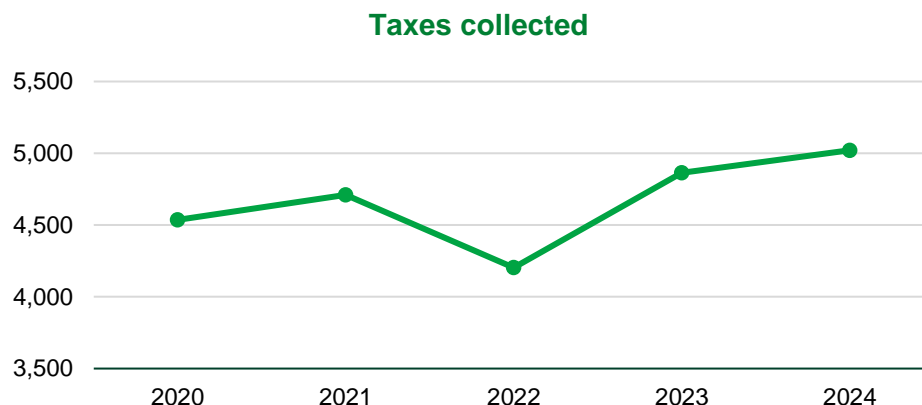
The Group pays the tax authorities numerous taxes, which, as they represent tax obligations, are not included in the income statement, as they are taxes withheld from or passed on to third parties. In 2024, these taxes came to almost €5,000 million. These taxes are the responsibility of the Iberdrola Group, which assumes all costs for the collection and payment thereof to the various tax authorities.

They derive from the Group’s own economic activity, such as taxes associated with the jobs that Iberdrola creates directly and indirectly, or financial transaction taxes and other taxes on the normal running of its business (Group employees, suppliers, procurement of products and services, etc.).

In the last five years, the Iberdrola Group has collected upwards of €23,300 million for these types of taxes, showing a broadly linear trend and averaging around €4,700 million per year.

Taxes collected on behalf of third parties over the last five years (€ million)

2020	2021	2022	2023	2024	Total
4,537	4,711	4,203	4,864	5,021	23,336



Looking more closely at the composition of the taxes collected, the most relevant items are Value Added Tax and other similar indirect taxes such as electricity taxes, which together account for more than 75% of the total taxes collected in 2024 as a result of the economic activity generated by the Group in the various countries in which it operates.

The countries where these taxes are most significant are Spain and Brazil, with around €1,300 million and more than €2,000 million, respectively. More precisely, the Value Added Tax and the Electricity Tax in Spain amounted to more than €900 million and €340 million respectively, while in the case of Brazil, the *Imposto sobre Circulação de Mercadorias e Serviços* (ICMS) exceeded €1,400 million.

The amounts pertaining to income tax withholdings are also significant, totalling more than €940 million in 2024.

Withholding taxes collected (€ million)	2024
Employment-related withholdings (labour and suppliers)	629
Withholdings on capital	140
Other withholdings (non-residents and other)	173
Total	942

These figures reflect the importance of the taxes withheld or passed on to third parties and the important role played by the Iberdrola Group as a driving force behind the activity that generates such taxes by seeing to it that they are paid into the public coffers by fully collaborating with the different tax authorities in collecting them. Indeed, if Iberdrola did not exist, this volume of taxes would cease to be collected.

Notably, there has recently been some debate over whether **these taxes collected** should be counted as part of the total tax contribution made by companies. Iberdrola believes that they should be counted, because **they arise from the economic activity of the companies themselves, which generate wealth, promote the supply chain, create jobs both directly and indirectly and, in short, help to generate greater prosperity for society as a whole.**

Iberdrola also contributes through its activities to the creation of wealth and prosperity in the territories in which it operates. Specifically, its contribution to GDP worldwide exceeded €52,000 million, up 14% on the previous year, of which around €17,500 million related to Spain. Meanwhile, its workforce around the world is close to 42,200 people, with the Company generating close to 500,000 direct, indirect and induced jobs worldwide⁶.

A key part of the Iberdrola Group’s social dividend is our contribution to the public coffers, in accordance with the law and in line with the expectations of the various countries in which we operate and society in general.

The contribution of large companies to sustaining tax systems is essential to ensure the best possible provision of essential goods and services, and at Iberdrola we are fully aware of the importance of fulfilling this duty.

⁶ According to PWC report based on Iberdrola’s 2023 activities.

6. Iberdrola and international tax practices: OECD, BEPS and EU

The Iberdrola Group is fully committed to the tax guidelines of the OECD and the EU

Iberdrola's internal tax risk management and control framework prohibits transactions that circumvent taxes, and has protocols in place to ensure diligent tax practices

Iberdrola is committed to complying with the *OECD Guidelines for Multinational Enterprises* in the area of taxation.

The Iberdrola Group is aligned with the principles and actions advocated by the OECD's **BEPS (Base Erosion Profit Shifting) Plan**, currently the primary instrument in the fight against international tax fraud, having also made an explicit commitment in 2024 **to the OECD guidelines for multinational enterprises in the area of taxation.**

In keeping with best practices and the principles laid down by the European Union and the OECD, the Iberdrola Group:

- **Complies**, in due time and form, **with its tax obligations** in the various jurisdictions in which it has a presence.
- **Does not use aggressive tax planning mechanisms**, but rather always adopts a reasonable interpretation of regulations.
- **Does not have a presence in tax havens or non-cooperative jurisdictions.**

It is important to note that due to the nature of its industrial activity, the Group cannot shift its profits. Moreover, in accordance with the **BEPS Plan actions**:

IBERDROLA DOES NOT

- Have a significant digital presence in the economy of any country whereby it is not subject to taxation.
- Use legal constructs that are classified as hybrid entities for tax purposes, nor are there situations whereby its subsidiaries lack tax residency. Nor does it make fraudulent use of other hybrid mechanisms.
- Have subsidiaries with little or no business activity in low-tax countries that are used to shift revenues from an entity residing in another country or territory.
- Use shell companies in order to take artificial advantage of beneficial tax regimes. All the tax incentives it obtains are generated in accordance with applicable law in the various jurisdictions, particularly as regards requirements on activity and substance.

- Artificially use intragroup loans and credits in order to generate taxable base erosions.

IBERDROLA DOES

- Prudently respect and apply regulations limiting the deduction of financial expense in the jurisdictions in which it has a presence.
- Allocate the profits established in tax agreements only in cases in which the relevant entities are genuinely entitled to application thereof and there are real business reasons for the transactions covered thereby.
- Operate abroad via subsidiaries and/or permanent establishments insofar as this structure is required, and not use legal entities that are considered to be hybrid structures for tax purposes.

Global Minimum Taxation - Supplementary Tax

As a large multinational group, the Iberdrola Group qualifies for the Pillar Two model rules (also known as the GloBE Rules) approved on 14 December 2021 by the Inclusive Framework of the OECD/G20 on BEPS (Base Erosion and Profit Shifting) endorsed by the Member States of the European Union, among many others.

Under these model rules, the Group is required to pay a top-up tax on profits earned in any tax jurisdiction where its effective tax rate, calculated at the jurisdictional level and in accordance with the rules, is below a minimum of 15%.

Legislation implementing the model rules has been enacted or is at an advanced stage of adoption in many of the jurisdictions in which Iberdrola operates.

In Spain, where the group's ultimate parent company is located, Council Directive (EU) 2022/2523 of 15 December 2022 has been transposed into domestic law, particularly affecting Iberdrola through Law 7/2024 of 20 December and Biscay Provincial Law 4/2004 of 27 December.

In accordance with the aforementioned regulations, the new minimum global taxation obligations of the Iberdrola Group take effect as of 2024 and the Group is subject to Bizkaia's provincial legislation, although the regulations contained in Law 7/2024 will apply on an interim basis until the tax is arranged. The self-assessment tax return for this first period must be submitted in July 2026.

The Group has prepared an assessment of the potential impact of the global minimum tax rules based on its most recent tax returns, its Country-by-Country Report and the financial statements of the individual entities of the Group. Based on this assessment, Iberdrola **does not expect a significant financial impact from**

applying the model rules, given the alternative or simultaneous occurrence of the following circumstances in each of the jurisdictions in which it operates: effective tax rates very close to or higher than 15%; significant proportion of personnel and eligible assets implying the exclusion of income subject to minimum taxation; or inconsequential income and profits.

Consequently, the consolidated income statement for 2024 does not include any minimally relevant impact on its current tax expense arising from this legislation.

For these purposes, and considering the close relationship between the Country-by-Country Report and the Global Minimum Taxation, this Report includes an analysis of the effective tax rate in each of the jurisdictions in which the Group operates, so as to transparently show the immaterial impact of this new tax when compared with the administrative burden and formal obligations it entails for a multinational group that must now incorporate a new way of calculating its taxation across the different jurisdictions.

Public Country-by-Country Report

The Country by Country Report Directive was formally adopted by the European Parliament in November 2021, with the aim of promoting transparency in the realm of corporate taxation.

The Directive requires large multinational groups with a presence in the EU to disclose certain corporate tax information on their website and in their financial statements, in line with BEPS Action 13 on Country-by-Country Reporting (including composition and activities, number of employees, revenues and profits, taxes paid and accrued, and provisions for the year).

This Directive has already been transposed into Spanish law through Additional Provision 11 of Law 22/2015 of 20 July on statutory audits, and applies for financial years beginning on or after 22 June 2024.

However, Iberdrola has voluntarily published the Country-by-Country Report since 2019 (with information referring to 2018).

Cross-border mechanisms subject to reporting

In 2018 the European Union approved Council Directive 2018/822 as regards mandatory automatic exchange of information in the field of taxation in relation to potentially aggressive cross-border tax-planning arrangements (known as DAC 6). The transposition of the Directive in Spain was ultimately implemented through the passage of Law 10/2020 of 29 December, and Royal Decree 243/2021 of 6 April, establishing the formal obligations and template returns to be used by intermediaries or taxpayers to comply with their reporting obligations.

Directive 2018/822 is a significant anti-avoidance mechanism, and a deterrent to aggressive tax planning mechanisms at the international level.

Acting in advance of the transposition of the Directive, and as part of its mechanisms for the control and management of tax risks, the Iberdrola Group established:

- The prohibition of certain mechanisms or transactions set forth in Directive 2018/822, including the following: the Group has prohibited advice on the implementation of corporate transactions in which the remuneration of a third party depends on the tax benefit obtained, confidentiality clauses regarding how a tax benefit or advantage arises, acquisitions of loss-making companies involving discontinuing the acquired activity, and using said losses to reduce the Group's tax obligations, or transactions giving rise to circular movements of funds, flows of goods and services or shares through intermediary entities with no commercial activity.

In general, the Iberdrola group has also prohibited the implementation of any transaction that is subject to a probable risk of being classified as simulated from a tax perspective.

- An enhanced internal procedure for other non-prohibited transactions that are referred to in the aforementioned directive, and for other transactions that may be carried out, in order to diligently ensure the suitability and validity thereof.

Iberdrola duly complies with the reporting obligations established by legal provisions in this regard.

7. Transfer pricing

The Group strictly applies the arm's-length principle in its related-party transactions

Iberdrola values all its related-party transactions on an arm's-length basis, following standards aligned with the OECD's Transfer Pricing Guidelines adapted to the new post-BEPS standards

Intra-group transactions are invoiced following standards that are objective, transparent and consistent with the arm's length principle, avoiding any discrimination or competitive advantage

Transfer pricing policy of the Iberdrola Group

The Iberdrola Group's transfer pricing policy is applicable to all the Group's companies and is fully aligned with the transfer pricing guidelines of the OECD.

Due to the structure of their main business, the results and taxable bases of the entities that own the electricity production and transmission facilities cannot be shifted from the place in which said facilities are located. Moreover, the profitability of businesses in Iberdrola's sector is notably **influenced by each country's regulations**, particularly in the electricity distribution business. For this reason, related-party transactions carry a relatively limited risk within the Iberdrola Group, particularly in the cross-border context.

The Iberdrola Group values all its related-party transactions on an arm's length basis, following standards aligned with the transfer pricing guidelines of the OECD adapted to the new post-BEPS standards.

Furthermore, all existing related-party transactions of the Group are duly documented on the terms established by the legal provisions of the various countries. Said documentation is aligned with the principles and content established in Action 13 of the BEPS Plan. The Group is also committed to preparing and filing the Country-by-Country Report in due time and form, on the terms established by the laws of the jurisdiction of its parent company (in this case, Spain).

Additionally, in the case of Neoenergia S.A., the Group's country subholding company in Brazil, there is a Related Parties Committee whose function is to approve the execution of contracts or transactions that said company or any of its subsidiaries sign with related parties, in order to ensure the equality and transparency of transactions and show that they are signed on arm's length conditions, preventing them from unduly benefiting either party.

Meanwhile, Avangrid Inc., the Group's country subholding company in the United States, had an Unaffiliated Committee responsible for, among other matters, reviewing and approving all transactions entered into between that company and Iberdrola or its subsidiaries, so as to ensure that they proceed on arm's length conditions. However, following Iberdrola's acquisition of an 18.4% stake in Avangrid, thus making it a 100% shareholder, as of December 2024, the Unaffiliated Committee ceased its activity as the very reason for its existence no longer applied.

In the case of listed companies, special care is taken to protect the interests of minority shareholders without undermining action with respect to other entities. Therefore, the committees are made up of independent members without representation from the Iberdrola Group so as to ensure maximum independence and the proper treatment of related-party transactions, as in all other relationships between parent companies and subsidiaries.

Lastly, the management bodies of the various companies of the Group report on compliance with the *Corporate Tax Policy* to ensure that all companies of the Iberdrola Group adopt the control mechanisms needed to ensure compliance with tax laws and regulations, principles and good practices.

Main intra-group transactions

The Group's model is built around three pillars, as the differentiating elements that set Iberdrola apart: a framework of trust based on an advanced governance model; the *Purpose and Values of the Iberdrola Group*, reflecting the Group's culture as defined by the Board of Directors; and a strategy geared towards achieving the Group's objectives.

The competitiveness of the model is secured through the responsible management of the company's tangible and intangible assets. To operate under this model, Iberdrola has organised its management into three global businesses: the Networks Business, the Renewables and Sustainable Generation Business, and the Customers Business, with a Corporation acting as the central management body for the Group.

In keeping with the Iberdrola Group's organisational and operational structure, from a functional standpoint, Iberdrola is structured on two levels

1. Business activities

Each business in each of the main locations performs a number of common functions for all of the entities belonging to it. Interactions between the businesses in the different jurisdictions are limited to providing highly specialised business services to each other:

- a) **Network business:** the main intra-group transactions within this Business are regulated activities to which the prices established by the corresponding regulations are directly applied. The non-regulated activities carried out in the Networks business include: (i) technical management support services; (ii)

electricity grid works services; or (iii) operation and maintenance services at shared facilities.

- b) Renewables and Sustainable Generation business:** the main intra-group transactions are (i) services for the development and construction of facilities; (ii) services for the operation and maintenance of facilities; or (iii) purchase and sale of electricity/guarantees of origin.
- c) Customer business:** the main intra-group transactions here are (i) purchase and sale of electricity/guarantees of origin; (ii) commercial advisory services; or (iii) centralised energy management services: electricity procurement for trading, market representation and operation, access to European markets, etc.
- d) Non-energy businesses (engineering and real estate):** the main transactions among the other businesses relate to the provision of engineering services.

2. Corporate activities

As mentioned above, the Iberdrola Group has a Corporation as its central management body. Iberdrola, S.A., as the Group's holding company, through its Board of Directors, defines and supervises the policies, strategies and general guidelines for the management of the Group and makes strategic decisions. In addition, the chairman of the Board of Directors, the CEO and the management team assume the duty of strategic supervision, organisation and coordination through the dissemination, implementation and monitoring of the overall strategy and the basic management guidelines established by the Board of Directors.

Under the corporate structure of the Iberdrola Group, there are also intra-group commercial relationships that mainly branch out from the Corporation, such as:

- a) Corporate Services.** The low value-added support services provided by Iberdrola to its Spanish and foreign subsidiaries are among the most significant transactions carried out between Group companies. These services cover various types of services to subsidiaries, such as human resources, systems, quality, telephony, financial, legal, etc. They are generally provided and invoiced on a "cascading" basis, top-down, from the service-provider companies, at the holding company, country subholding company or head of business company level, to the corresponding customers companies.
- b) Intangibles.** In line with the recommendations set out in the report on Actions 8 to 10 "*Aligning Transfer Pricing Outcomes with Value Creation*", issued by the OECD under the BEPS Action Plan, each member of the multinational business Group must be compensated at arm's length according to the value that the parties generate and contribute to the value chain. In this regard, based on a functional analysis of corporate functions, intra-group transactions are regulated in order to reflect the contribution and corresponding invoicing by (i) adapting the invoicing of corporate services to the Group's current

organisational structure; and (ii) implementing the assignment of the use of intangible assets in accordance with the requirements of a transfer pricing analysis.

- c) Financial transactions.** The Iberdrola Group is re-examining its transfer pricing policies on financial transactions to ensure their alignment with the latest trends and guidelines contemplated in the OECD's publication of the new transfer pricing guidelines on financial transactions, which provide continuity to Actions 4 and 8 to 10 of the BEPS project, establishing the treatment from the perspective of related-party transactions of the main types of financial transactions such as loans, guarantees, cash pooling arrangements, and hedging transactions.

Intra-group transactions are invoiced following standards that are objective, transparent and consistent with the arm's length principle, avoiding any discrimination, subsidy or competitive advantage.

As part of its standard tax practices, the Iberdrola Group is advised by prestigious international firms that provide assistance to the Group in transfer pricing matters and verify that the policies applied follow the standards established by the OECD and are duly implemented and updated.

New transfer pricing rules

▪ United States

The Internal Revenue Service (IRS) issued guidance on intra-group financial transactions in December 2023. This guidance examines the application of the Section 482 regulations to intercompany loans.

The guidance discusses the IRS's stance on how group membership affects the valuation of intra-group loans from an arm's length perspective. In this respect, the IRS considers that in determining the interest rate for loans arranged between related companies, consideration should be given to the implicit financial support as well as the realistic options available to the parties as a benchmark for the market interest rate.

▪ United Kingdom

In January 2024 His Majesty's Revenue and Customs (HMRC) published new guidance on the importance of carrying out a proper delineation of transactions between related entities, focusing on the risk analysis contained in Chapter 1 of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. HMRC considers this apportionment analysis and the risk-bearing capacity of the parties as a key component of the transfer pricing analysis that will be required of taxpayers.

▪ Australia

In January 2024 the Australian Taxation Office (ATO) published guidance in relation to intangibles arrangements with international third parties in Practical Compliance Guide (PCG) 2024/1, which supersedes the drafts previously released (PCG 2021/D4 and PCG 2023/D2). This guide elaborates on the importance of “economic substance” in intangible assets arrangements over their legal form.

The Australian government also published debt deduction creation rules (DDCR) tightening transfer pricing requirements for financial transactions and, in particular, the thin capitalisation rules. These DDCRs introduce limits and new rules governing the deduction of financial expenses arising from intra-group financing arrangements, both for transactions entered into after their entry into force (July 2024) and for previous arrangements.

▪ Germany

In December 2024 the German Ministry of Finance published an updated version of the transfer pricing rules governing the limitation of the deductibility of financial expenses associated with intra-group financing structures. The new regulation entered into force with effect from 1 January 2024.

As part of the new restrictions on deducting financial expenses, the borrower’s ability to repay must be shown, as must its economic need and the business purpose for which the funds will be used (business-purpose test). The new rules also state that the determination of interest rates in intra-group transactions must factor in the financial support implicit in belonging to a group of companies.

In this regard, the Iberdrola Group continuously reviews its transfer pricing policies so as to ensure compliance with the arm’s length principle.

Government cooperation

As a significant element in the cooperative relationship that the Group fosters, in **2022 Iberdrola voluntarily took part in the International Compliance Assurance Programme (ICAP)**, an OECD initiative that seeks to improve cooperation between tax administrations on a global scale to oversee transfer pricing-related tax risks in multinational groups.

Work continued throughout 2023 with the various government administrations involved in the programme. Finally, in the fourth quarter of 2023, the Spanish tax administration, as coordinator of the cooperative relations instrument, brought the programme to an end. **On 16 November 2023 the Spanish tax administration** sent a letter of appreciation for having voluntarily participated in the programme, including multilateral evaluation letters from the tax authorities in Spain (State Tax Administration Agency and Bizkaia Provincial Treasury), Germany, the United States

of America, Ireland, Italy and the United Kingdom, **with an overall risk rating of “low”⁷**.

Lastly, on 28 January 2025, Iberdrola’s Tax Department held a meeting with the heads of the OECD and the various tax administrations taking part in Iberdrola’s ICAP Programme, along with representatives of other jurisdictions taking part in the programme, to exchange their views on how the project is developing. At the meeting, Iberdrola was thanked for its involvement by those responsible for the programme and expressed its willingness to take part in similar future initiatives.

At the 26th Plenary Session of the Forum of Large Businesses held on 8 June 2023, the document prepared by the Cooperative Relations Working Group on “voluntary submission of documentation on related-party transactions within the framework of the Code of Good Tax Practices” was approved.

Once again, **the Iberdrola Group, in its commitment to maintain a cooperative relationship with the tax authorities, voluntarily and for the second year running, submitted the aforementioned transfer pricing documentation** for financial year 2023 on 24 January 2025, within the deadline agreed by the Plenary of the Forum of Large Businesses (six months from the end of the corporate tax filing period).

Compliance is one of the tenets on which Iberdrola’s *Corporate Tax Policy* is based. Along these lines, Iberdrola strictly complies with the recommendations of the BEPS Project by not engaging in abusive practices or shifting profits to lower tax jurisdictions through, among other measures, valuing intra-group transactions in accordance with the arm’s length principle.

⁷ For more information, see section “11. Tax governance, cooperative relations and best practices.”

8. Tax havens and non-cooperative jurisdictions

Iberdrola has no presence in tax havens or non-cooperative jurisdictions

The Group prohibits the incorporation and acquisition of companies resident in tax havens or non-cooperative jurisdictions

Criteria for determining whether a country or territory is considered to be a tax haven

European Union list of non-cooperative countries and territories for tax purposes












The list of non-cooperative tax jurisdictions in the European Union has been compiled by the Code of Conduct Group for Business Taxation since 2017. The main objective of this list is to maximise efforts to prevent tax fraud and tax evasion by promoting good governance worldwide.

The list, which is constantly updated, includes jurisdictions that fail to meet international standards of good tax governance developed by the OECD, the Global Forum on Transparency and Exchange of Information for Tax Purposes, the Forum on Harmful Tax Practices and the BEPS Inclusion Project, based on the criteria of tax transparency, tax equity and measures against base erosion and profit shifting.

In addition to the black list, there is also a grey list of jurisdictions that cooperate with the EU but have outstanding commitments and have agreed to implement reforms in order to comply.

On 18 February 2025 the Council of the European Union updated for the last time the list of non-cooperative countries and territories for tax purposes to include the following 11 countries:

Countries not cooperating with the EU or not fully meeting their commitments

 American Samoa	 Anguilla	 Fiji
 Guam	 Palau	 Panama
 Russia	 Samoa	 Trinidad and Tobago
 US Virgin Islands	 Vanuatu	

Non-cooperative jurisdictions for the Spanish Tax Administration

The current list of countries and territories, including harmful tax regimes, that are considered non-cooperative jurisdictions in Spain is set out in Ministry of Finance and Public Function Order 115/2023 of 9 February:

Jurisdictions considered to be non-cooperative in tax matters

 Anguilla	 Bahrain	 Barbados	 Bermuda
 Dominica	 Fiji	 Gibraltar	 Guam
 Guernsey	 Isle of Man	 Cayman Islands	 Falkland I.
 Mariana Islands	 Salomon I.	 Turks and Caicos I.	 British Virgin I.
 US Virgin Islands	 Jersey	 Palau	 Samoa
 American Samoa	 Seychelles	 Trinidad and Tobago	 Vanuatu

Iberdrola does not have a presence in non-cooperative jurisdictions

Exemplary behaviour in a model Group

The Group believes that the definition of non-cooperative jurisdiction under Spanish law should be complemented by the European Union's blacklist of non-cooperative jurisdictions for tax purposes. Taking this into account, the *Corporate Tax Policy* has established consistent treatment for acquiring equity interests in all these jurisdictions, whether tax havens according to Spanish law or non-cooperative tax jurisdictions on the European Union blacklist.

Accordingly, as a matter of good practice, **the Group considers it prohibited to establish or acquire companies in such territories** and therefore does not include in its controlled entities any companies domiciled in non-cooperative jurisdictions under Spanish law or in territories that are on the European Union's blacklist of non-cooperative jurisdictions in tax matters.

Mechanisms to control the presence in jurisdictions that are considered to be tax havens and non-cooperative jurisdictions

In compliance with Section 529 *ter* of the Spanish Companies Act (*Ley de Sociedades de Capital*), regarding the non-delegable power of the Board of Directors

to approve the creation or acquisition of companies in this type of territory, the Group has a specific reinforced procedure as part of the tax risk control and management system.

The *Procedure for the Creation of or Acquisition of Equity Interests in Special Purpose Entities or Entities Domiciled in Tax Havens*, approved by the Board of Directors of Iberdrola, provides as follows:

Subjective Scope of Application

The Policy applies to all companies of the Group, as well as to all non-Group companies over which the Company has effective control, within the limits established by law and without prejudice to the fact that listed country subholding companies and their subsidiaries, based on their own specific framework of strengthened autonomy, may establish an equivalent policy.

Objective Scope of Application

The procedure applies to the establishment of any entity that is deemed to be domiciled in a country or territory that is considered to be a tax haven, defined as:

- a) Countries or territories considered to be tax havens under Spanish legal provisions or included in the EU blacklist of non-cooperative jurisdictions.

In this case, Iberdrola prohibits the establishment or acquisition of entities registered in these territories. Exceptionally, when it is deemed necessary to establish or acquire a company in any of these territories, a thorough analysis and justification process is followed, which requires the approval of the Board of Directors, subject to a report from the Audit Committee of the acquiring Group company.

- b) Countries or territories not considered as tax havens under Spanish legislation, but included on the European Union's grey list of non-cooperative jurisdictions, provided that Spain has not signed a treaty for the avoidance of double taxation.

In this case, if they are in countries and territories included on the European Union's grey list of non-cooperative jurisdictions with which Spain has not signed a treaty for the avoidance of double taxation, they will be subject to special monitoring by Iberdrola.

As an example of fiscally responsible behaviour and that the *Procedure for the Creation of or Acquisition of Equity Interests in Special Purpose Entities or Entities Domiciled in Tax Havens* is working as intended, in 2020, the Group made a takeover bid for the shares of the Australian entity Infigen Energy. At the time of the takeover bid, Infigen Energy had interests in two legal, albeit dormant, Bermuda-based entities.

The Group applied the provisions of the Internal Procedures in such a way as to expedite the winding up of these two companies, Infigen Energy (Bermuda) Limited and BBWP Holdings (Bermuda) Limited, which was completed on 4 September 2020.

There were no transactions involving the acquisition of companies based in tax havens in 2024, for which reason no structures are currently maintained in tax havens or territories included in the European Union's blacklist of non-cooperative jurisdictions.

Acquisition of Electricity North West (ENW)

On 2 August 2024 Iberdrola entered into certain agreements with all the shareholders of North West Electricity Networks (Jersey) Limited (ENW Holding), which indirectly holds 100% of the share capital of Electricity North West Limited (ENW), a British electricity distribution company operating in the United Kingdom, for the acquisition of 88% of the share capital of ENW Holding and, indirectly, of ENW.

The transaction was completed on 22 October 2024, following approval by the UK Government under the National Security and Investment Act. The transaction, subject to review by the UK Competition and Markets Authority (CMA) under the terms of the UK energy merger regulations, was finally approved on March 20, 2025.

The transaction was structured through a purchase and sale of shares representing 85.6% of the share capital of ENW Holding, along with a cash capital increase at ENW Holding whereby the Iberdrola Group acquired a further 2.4% of the share capital of ENW Holding. Upon completion, KDM Power Limited, a consortium led by Japan's Kansai Electric Power Co, which was one of ENW Holding's owners, retains a 12% stake in ENW Holding's share capital.

Tax features of the acquisition of ENW Holding

Although the Iberdrola Group is acquiring an entity that engages in a lawful and regulated economic activity and is therefore subject to the CMA, the directly acquired entity happens to have been incorporated under the commercial law of Jersey (a jurisdiction considered a tax haven under Spanish law), where it has its registered office.

Therefore, right from the outset, the Tax Department has carried out an exhaustive analysis of the acquisition in order to ensure absolute compliance with the Group's *Corporate Tax Policy*.

For these purposes, ENW Holding, although incorporated in Jersey, has been resident for tax purposes in the United Kingdom since its incorporation in view of the following circumstances:

- ENW Holding has a UK tax residence certificate issued by the UK tax authorities.
- ENW Holding has, since its incorporation, complied with all its UK tax obligations.
- ENW Holding has complied with the obligation to regularly report its non-resident tax status in Jersey.

- According to the information provided by our external advisors and the Group's own analysis, there is no doubt as to the UK tax residency of ENW Holding.

All this has led to the finding that this acquisition complies with the Group's *Corporate Tax Policy*. Even so, given that the company is not domiciled in a tax haven, once control has been acquired, the necessary transactions will be carried out so that Scottish Power directly owns the stake in ENW without the intermediation of the ENW Holding entity.

Presence in other jurisdictions that might be considered conflictive

Iberdrola also pays close attention to the state of Delaware in the United States of America due to the interest it arouses in specialised forums on tax governance.

The Iberdrola Group has certain companies incorporated in this state, although all of them are tax resident in the states in which they operate. Delaware corporations and limited liability companies are the most commonly used form of company in the United States of America due to the development of its commercial law and established jurisprudence, which provides a high degree of legal certainty in the commercial field.

As far as taxation is concerned, almost all of these companies are part of the tax consolidation group of Avangrid, Inc. and/or form part of a state tax group of companies that are taxed independently.

In this respect, none of them has a special status vis-à-vis other companies because they are incorporated in the State of Delaware, so they are taxed in the states where the centres of activity of the state tax group are located (Delaware not being one of them). Therefore, all their profits are taxed under the general regime of the state where their assets, sales and/or payrolls are located, without their incorporation in Delaware affording them any corporate income tax benefit whatsoever.

More precisely, the companies forming part of the tax consolidation group of Avangrid, Inc. are taxed at a combined nominal corporate income tax rate of 27.07%, as follows:

Tax consolidation group	Federal nominal rate	State nominal rate	Federal B. ⁸	Total nominal rate	States in which Corporate Income Tax is payable
Avangrid Inc.	21.00%	7.68%	-1.61%	27.07%	California, Colorado, Connecticut, District of Columbia, Idaho, Illinois, Kansas, Kentucky, Massachusetts, Maine, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New Mexico, New Jersey, New York, North Dakota, Oregon, Rhode Island, Texas, Utah, Vermont, West Virginia and Wisconsin

In short, the companies pay the taxes that correspond to them, and the **Iberdrola Group has no presence in countries or territories classified as tax havens, and the incorporation of any Group company is in any case based on objective business criteria.**

At Iberdrola, we believe that good governance does not just mean complying with the rules, it means going a step further and displaying a greater commitment to providing and being able to do what society is demanding, based on our current circumstances. As a result, we avoid having a presence in tax havens or uncooperative jurisdictions and we pay our taxes fairly, thus contributing to the development of the communities in which we are present.

⁸ FBOS: Federal Benefit Over State.

9. Inspections and tax litigation

One of the Iberdrola Group's principles is to foster a healthy relationship with the tax authorities governed by the principles of legality, transparency, fidelity, trust, professionalism, cooperation, reciprocity and good faith, without prejudice to any legitimate disputes that may arise in connection with the interpretation of tax regulations. Therefore, when disputes arise, the Group conducts its dealings with the authorities on the basis of a cooperative relationship, in accordance with the principles of transparency and mutual trust.

All of the Group's actions, both in this financial year and in previous years, have been analysed by its internal and external advisors, who have concluded that they comply with the law and are based on reasonable interpretations of tax law. The existence of contingent liabilities is also subject to analysis, and the Group's general criterion is to recognise provisions for tax litigation when the risk that they will be unfavourable to the Group's interests is probable, whereas no such recording is made when the risk is possible or remote.

Audits in progress at year-end 2024 vary, depending on the tax laws of each country, although none of them are expected to have a material impact not already reflected in the financial statements.

We share detailed information about tax audits and tax litigation globally as part of our commitment to transparency, as set out in our *Corporate Tax Policy*.

Administrative actions

Spain

On 25 January 2024 the Tax and Customs Control Unit attached to the Central Delegation for Large Taxpayers of the State Agency for Tax Administration (AEAT) notified Iberdrola, S.A. of the commencement of verification and investigation proceedings in respect of the Temporary Energy Levy for 2023, in its capacity as the main operator in the energy sector, in accordance with the resolutions issued by the National Commission for Markets and Competition of 10 December 2020, 16 December 2021 and 9 June 2020, as referred to in Article 1(1) of Spanish Law 38/2022.

In the course of that inspection, Iberdrola requested the exclusion of certain revenues from the tax base; essentially expenses incurred by the distributors' marketing companies for passing them on to the final customer, equivalent to those arising from regulated activities exempt from the tax. It also requested the rectification of the self-assessments submitted in relation to that tax, on the grounds that the rule which created and regulated it presented certain defects considered unconstitutional and also infringed EU law, with a refund of all amounts paid and the corresponding interest for late payment.

In January 2025 the Company was notified of the settlement agreement confirming the certificate signed in protest in July 2024, accepting the request for exclusion of the aforementioned income from the tax base, entailing a rebate of the amounts paid plus the corresponding interest, but rejecting the request for total rectification, on the grounds that the AEAT considered that it lacked jurisdiction to assess the adequacy of the rule that created the levy with the internal and/or EU legal order and also to question the unconstitutionality of the rule before the Constitutional Court or to obtain a preliminary ruling before the High Court of Justice in this regard.

Iberdrola has submitted a request for rectification of the self-assessments submitted and paid in relation to the tax for 2024 (analogous to the one submitted for 2023) and is currently awaiting a reply.

Meanwhile, in early May 2024 Iberdrola Energía España S.A. was notified of the commencement of general verification and investigation proceedings in relation to corporate income tax for the years 2018 to 2020 in respect of Tax Group 2/86, of which the company is the representative and Iberdrola, S.A. the parent.

On the same date Iberdrola, S.A. was also notified of the initiation of general verification and investigation proceedings in relation to Value Added Tax for the years 2018 to 2020 in respect of the group of entities for VAT purposes 0220/08, in its capacity as the representative and parent company of that group.

Both proceedings were ongoing at 31 December 2024.

Other countries

In other countries in which the Group has a significant presence the main ongoing audits are as follows:

- In the United States, given its status as a major taxpayer at the federal and state level, the Avangrid Group has several audits ongoing with regard to various tax items.
- In the United Kingdom, Scottish Power has been assigned the status of low-risk taxpayer by the tax authorities (HMRC). There are currently no general inspection procedures under way.
- In Mexico, the Mexican tax authority (SAT) initiated numerous inspection procedures in relation to several Group companies in 2020 and subsequent years.

On 26 February 2024, having received clearance from the Mexican Federal Economic Competition Commission (COFECE) and having fulfilled the remaining conditions precedent agreed between the parties, the transfer was completed of various electricity generation assets (12 combined cycle plants and a wind farm with an installed capacity of 8,539 MW) to Grupo Financiero Actinver, in its capacity as trustee. This took place under the Irrevocable Trust Agreement administered by Mexico Infrastructure Partners FF, S.A.P.I. de C.V. The purchaser assumed the outcome of the ongoing (and future) inspections in connection with the transferred companies.

The current status of the inspection proceedings commenced in respect of the companies that remain within the Group's scope of consolidation is as follows:

- The SAT served notice of tax credits in relation to the inspections concerning income tax at Iberdrola México, S.A. de C.V. (financial year 2018) and Iberdrola Ingeniería y Construcción, S.A. de C.V. (financial year 2017) and to the sales tax of the company Iberdrola Energía Noroeste SA de CV (for financial year 2020). These notices were challenged via appeals for reversal, all of which are pending resolution at the end of 2024.
- In July 2024, in relation to the inspection proceedings concerning sales tax for financial year 2019 at the company Iberdrola Generación SA de CV, the SAT served its official notice of observations, whereupon the company requested the opening of the Conclusive Agreement procedure before the Procuraduría de la Defensa del Contribuyente (PRODECÓN). However, the Conclusive Agreement procedure ended in August 2024 without any agreement having been reached between the parties and Iberdrola is currently awaiting the corresponding settlement notice, which the SAT has six months to issue from the end of the Conclusive Agreement procedure.
- The income tax audit of Iberdrola Clientes, S.A. de C.V. for the year 2020 is still ongoing. The letter of observations letter was notified in February 2024, and has since been responded to in due time, requesting additionally the commencement of the Conclusive Agreement procedure before PRODECÓN.
- In 2024 the company Iberdrola Ingeniería y Construcción, S.A. de C.V. received notice of the commencement of a new inspection proceeding in respect of income tax for financial year 2018, which was still in progress at the end of 2024.
- Lastly, Brazil is known for being a jurisdiction with a high risk of litigation and there are multiple investigations in progress, given Brazil's tax and administrative structure and the usual procedure followed by the tax authorities. However, these proceedings are generally resolved at a very low amount in favour of the tax authorities.

The directors of the Iberdrola Group and its tax advisors estimate that no material additional liabilities will arise for the Group arising from the above matters over and above those already recognised at 31 December 2024.

Tax litigation

Spain

Tax litigation from 2008 to 2011

In June 2020 Iberdrola was notified of decisions of the Central Tax Appeal Board (*Tribunal Económico Administrativo Central*) (TEAC) regarding claims filed in relation

to assessments signed by Iberdrola on a contested basis in 2016, corresponding to the general verification procedure followed with respect to the common territory tax consolidation group (no. 2/86) for financial years 2008 to 2011.

As regards VAT, the TEAC ruling was favourable to the interests of Iberdrola (thus annulling the assessments and settlements carried out by the inspectors), while the decisions on income tax were unfavourable.

On 7 July 2020 IBERDROLA appealed these rulings to the Spanish National High Court (*Audiencia Nacional*).

The main adjustments included in the settlement agreements as a result of the contested assessments relate to the quantification of the financial goodwill subject to tax amortisation following the acquisition of Scottish Power, the elimination of the Scottish Power dividend exemption as the audit found it to be incompatible with a portfolio adjustment based on net investment hedging, differences in the tax consolidation criteria, and the possible existence of a transaction involving a change in the debtor of certain bond issues in the circumstances provided for in Section 15.1 of the General Tax Act (*Ley General Tributaria*).

In relation to the latter case, on 28 November 2024 the National Court (*Audiencia Nacional*) handed down a favourable judgment annulling the AEAT's referral to the *Conflicto de aplicación de la norma* (tax evasion) procedure and the associated settlements, upholding the appeal in its entirety. The Spanish government has appealed the ruling before the Supreme Court.

The other appeals associated with this contingency have been suspended until a final decision is delivered in the appeal before the Court of Justice of the European Union in relation to the amortisation of the financial goodwill, on the understanding that there could be a prejudicial effect in relation to some of the matters under discussion.

Tax lawsuits from 2012 to 2020

In December 2020 Iberdrola was also notified of the decision of the TEAC relating to claims filed arising from certain contested assessments signed in limited verification proceedings regarding Corporate Income Tax for financial years 2012 to 2014. The dispute with the tax office essentially had to do with the applicability or inapplicability of the criteria of temporary imputation established in certain rulings of the Supreme Court, in relation to the income received by the Group from payments made on the basis of unlawful standards.

The aforementioned decision of December 2020 partially upheld Iberdrola's claims, accepting its position with respect to the taxes declared to be unconstitutional. On 25 January 2021 Iberdrola filed an administrative appeal to the National High Court in due time and form with respect to the other situations in dispute. The corresponding submissions were presented in the proceedings throughout 2021, and the date for the vote and judgment have not yet been set.

On the same matter, on 6 September 2021 Iberdrola lodged a claim with the TEAC against the enforcement by the Technical Office of the Central Large Taxpayers Unit of the TEAC's aforementioned partially favourable decision, which not only recognised the effects of the favourable decision in the pertinent years (2012 to 2014), but also extended its effects to the previous years. Said years had already undergone general inspection proceedings, with a final ruling rendered in some cases, thus constituting *res judicata*. On 3 January 2024 Iberdrola was notified of the TEAC's decision rejecting the claims presented by the Company, which filed the corresponding administrative appeal with the National Court and filed its lawsuit in June 2024.

Meanwhile, in December 2021 and July 2022 tax appeals were filed with the TEAC against the settlement agreements confirming the earlier tax settlement assessments upholding the settlements signed in protest in relation to corporate income tax against Iberdrola Energía España, S.A. as representative of Tax Group 2/85, in relation to financial years 2012 to 2014 and 2015 to 2020, respectively. The adjustments in dispute are substantially the same as those discussed in relation to the years 2008 to 2011. On 5 June 2024 notification of the TEAC's decision was provided in relation to the claim filed in relation to financial years 2012 to 2024, partially upholding the group's claims by accepting the deductibility of the remuneration paid to directors but the other issues. The company filed the corresponding contentious-administrative appeal with the National High Court in November 2024. The court has yet to issue a decision on the claim relating to financial years 2015 to 2020, and the corresponding claims were presented in the second quarter of 2023.

With regard to VAT, in July 2022, the corresponding tax appeal was filed with the TEAC against the settlement agreement confirming the assessment signed in protest initiated against Iberdrola, S.A. as representative of the Group of Entities 0220/08BVA, in relation to financial years 2015 to 2017, as a result of certain adjustments made by the AEAT due to the inclusion in the denominator of the pro rata of the capital gains arising in portfolio transfers or in corporate restructuring operations. Iberdrola also requested the refund of VAT payments corresponding to unpaid debts, mainly from individuals, older than one year and with a taxable basis of less than €300, corresponding to Curenergía Comercializador de Último Recurso, SAU. and Iberdrola Clientes, SAU. for the aforementioned years. This request is based on the view that the Spanish rules on the handling of VAT on unpaid invoices are contrary to EU law. The claim is currently awaiting a decision, with the corresponding pleadings having been submitted in the last quarter of 2022 and further pleadings made in the first quarter of 2023.

In January 2024 Iberdrola SA, as the representative and parent of the 0220/08BVA Group of Entities for VAT purposes, received notice of the settlement agreement initiated by the Tax and Customs Control Unit of the Central Delegation of Large Taxpayers of the AEAT, bringing an end to the partial verification procedure in relation to the 2018 and 2019 financial years, and confirming in all its terms the non-conformity report initiated against the group in March 2023. The issues in dispute are substantially the same as those disputed in relation to VAT for the years 2015 to

2017. Settlement agreements were also initiated in relation to corporate income tax for those same years, due to the effect that the proposed VAT adjustments had on this tax. Tax appeals have been filed against all of them before the TEAC, all which are still pending resolution at the end of 2024.

Tax litigation related to the Temporary Energy Levy

Lastly, and with respect to significant tax litigation for Iberdrola, on 21 February 2023 the Association of Electrical Energy Companies (AELEC) lodged an appeal against Ministry Order HFP/94/2023, approving self-assessment forms of the new Temporary Energy Levy created by Law 38/2022. On 23 February 2023 Iberdrola also lodged an administrative appeal against the same ministry order on terms similar to that lodged by AELEC.

The law imposes a temporary energy levy on entities that qualify as principal operator in the energy sectors during the years 2023 and 2024. The new levy is legally classified as a non-tax public levy on revenue.

The amount of contribution to be paid is the result of applying 1.2% to the net turnover resulting from the activity carried out in Spain in the calendar year prior to the year in which the obligation arises. The amount of the tax paid by Iberdrola in 2023 came to €213 million, although, as a result of the verification actions mentioned in the previous section, a refund of €33 million has been ordered, plus late payment interest. The revenue associated with this rebate reduces the actual expense for this levy for 2024.

The amount of the levy paid by Iberdrola in 2024 amounted to €132 million, having already excluded from the levy base for that year the income the exclusion of which was recognised in the course of the general inspection relating to the levy paid in 2023.

The administrative appeals lodged by AELEC and Iberdrola, which are pending settlement at present, are based on defects inherent to the ordinary legal grounding of the Ministry Order under appeal, and on defects of unconstitutionality and violation of Regulation (EU) 2022/1854 of the Council of 6 October 2022 found to exist in Spanish Law 38/2022, which creates the levy.

Further developments in relation to financial goodwill (Section 12.5 of the consolidated text of the Corporate Income Tax Act)

In 2017, the Spanish authorities applied the aid and grants reimbursement procedure envisioned in the General Tax Act, thus recovering from the Iberdrola Group, in accordance with section 12.5 of the TRLIS, the sum of €665 million (€576 million in principal and €89 million in late payment interest) in the years 2002 to 2015. Iberdrola settled the required amount by (i) offsetting part of it against the €363 million received under the 2016 income tax rebate; and (ii) paying €302 million in February 2018. All the foregoing by virtue of Decision Three of the European Commission.

Meanwhile, in May 2021 Iberdrola received notice of a tax settlement agreement under state aid retrieval proceedings for the years 2016 to 2018 for a total of €13 million, which the Company paid on 2 July 2021.

These amounts, together with the additional late payment interest due, were recognised in “Current tax assets” under non-current assets in the consolidated statement of financial position at 31 December 2024 and 2023.

Moreover, the application of the incentive provided in Section 12.5 of the TRLIS generated a taxable temporary difference, resulting in the subsequent recognition of the deferred tax liability recognised. Therefore, if the outcome is ultimately contrary to the Company’s interests (something considered unlikely based on the information currently available), the impact on equity would be substantially mitigated.

The Judgement of the General Court of the European Union (GCEU) of 27 September 2023 (joined cases T-256/15 and T-260/15) rendered null and void Commission Decision (EU) 2015/314 of the European Commission of 15 October 2014 (Third Decision), as it upheld all the arguments submitted by the affected entities, including the Iberdrola Group.

Although this judgment of the GCEU has been appealed by the European Commission, it is enforceable and mandatory from the day it was rendered, as the recovery order in the Third Decision is null and void. No amount has been recovered to date. In any event, the Iberdrola Group and its internal and external advisors consider that no further risks should arise in relation to the application of the financial goodwill, and that the sums recovered by the tax agency should be refunded, as the payment made by the Group was undue.

Other countries

In the United States, the most significant process is the appeal filed with the Appeals Tribunal in relation to the income tax inspection for years 2012 to 2014 in the State of New York. Efforts are ongoing to reach an agreement with the State and settle the matter before the Tribunal delivers a decision, with no significant impact on the Avangrid Group’s results.

In the United Kingdom, the only relevant issue under discussion relates to the deductibility of certain payments made on the instructions of the electricity regulator (OFGEM). The First Tier Tax Tribunal ruled in favour of HMRC in February 2022, which was appealed by the company to the Upper Tribunal, which also found in favour of HMRC, and Scottish Power obtained permission to appeal to the Court of Appeal. In January 2025, the Court ruled in favour of the company’s interests. HMRC may apply to the Supreme Court for permission to appeal the decision.

In Brazil, there are a large number of ongoing lawsuits in respect of which the group considers it likely to obtain a favourable final ruling. The most relevant of these are as follows:

- Amortised gain/goodwill expense (*agio*) is not deductible for the purpose of calculating income tax (both in income tax and employee contribution tax) for

the subsidiaries Neoenergia Pernambuco, Neoenergia Coelba, Neoenergia Cosern, Neoenergia Elektro, Itapebi and Termopernambuco. In recent years, several favourable decisions had been handed down in first instance and on appeal on this matter, involving several of the years disputed by the Brazilian tax authorities with regard to the companies Neoenergia Pernambuco and Neoenergia Cosern, with the final decision of the Supreme Court pending on the merits of the case. In January 2025 this court delivered a favourable final decision in relation to the dispute concerning the agio tax relief that Neo Pernambuco had availed itself of (2001 to 2006).

- Failure to withhold income tax on the payment of interest on shareholders' equity between entities of the same group.
- The income tax withholding requirement on the purported taxable capital gain accrued by Iberdrola Energía, S.A. following the takeover of Elektro Holding by Neoenergia, in relation to which, at year-end, an administrative decision had been by the CARF against the company's interests due to the tax office's casting vote in relation to the principal amount owed (against which the relevant appeal will be lodged in due course), but with the cancellation of the fine initially imposed upheld.
- The questioning of excise tax credits with respect to the consumption tax (*imposto sobre operações relativas à circulação de mercadorias e serviços*) (ICMS) at NC Energia, Termopernambuco, Neoenergia Pernambuco and Neoenergia Elektro.
- Challenges to federal taxes (IRPJ and CSLL) for rejecting expenses with payment of regulatory compensation in the Neo Pernambuco y Neo Coelba entities.

The directors of the Iberdrola Group and its tax advisors estimate that no material additional liabilities will arise for the Group arising from the above matters over and above those already recognised at 31 December 2024.

10. Country-by-country tax contribution

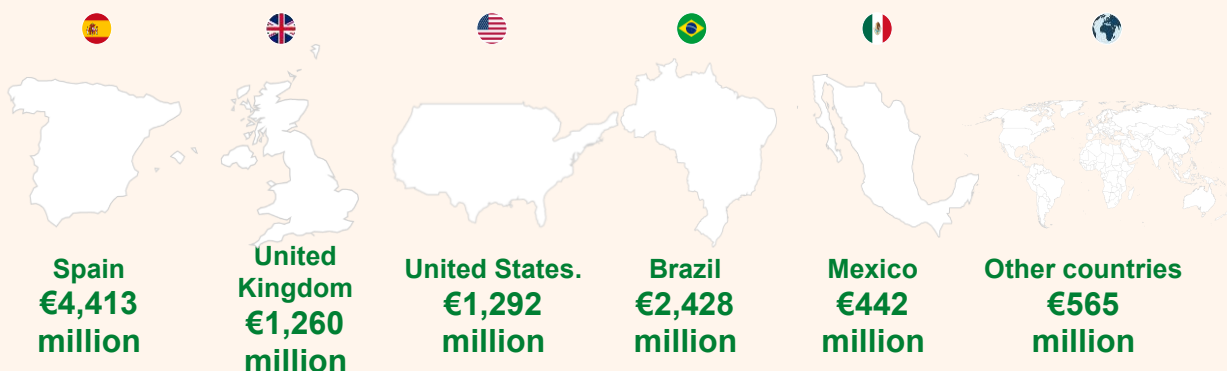


Tax contribution in 2024



10,300 million, up 8% on the previous year

€10,300 million



Own taxes charged to the income statement of €5,279 million, equivalent to 48% of income before taxes

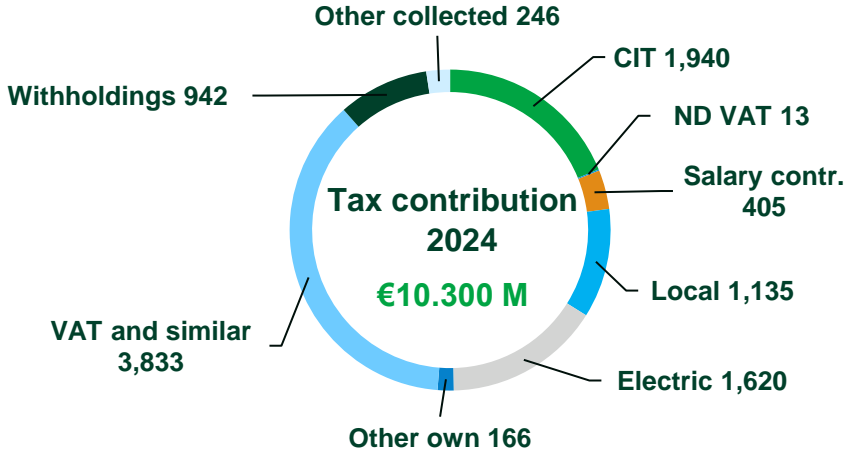
In Spain, the tax contribution came to €4,313 million, which is similar to all personnel, operating and financial expenses in the country

- €1.2 million paid every single hour
- Roughly €2,000 million in corporate income tax
- More than €28 million paid every single day
- Electricity taxes exceeding €1,600 million
- €43,000 million paid in the last five years

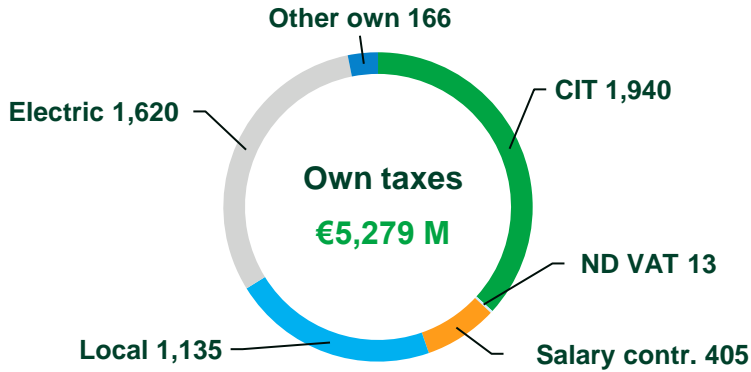
Total tax contribution (€ million)	2024
Own taxes	5,279
Corporate Income Tax	1,940
Non-deductible VAT and similar	13
Company contributions on salaries	405
Local taxes	1,135
Electricity taxes	1,620
Other own taxes	166
Taxes collected	5,021
VAT and similar	3,833
Withheld third-party income	942
Other taxes collected	246
Total	10,300

Tax contribution for the 2024 financial year

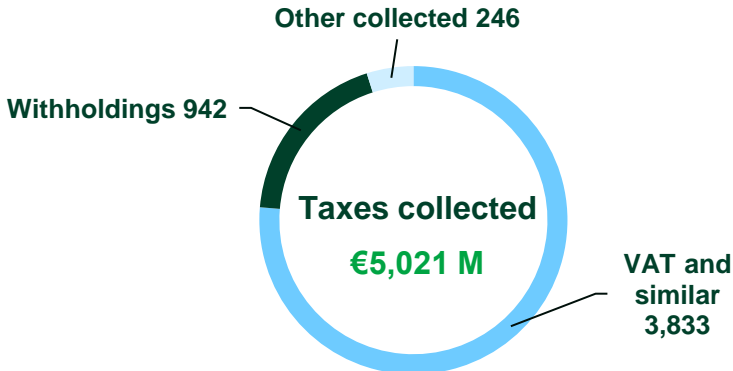
Tax contribution **€10,300 M**



Own taxes **€5,279 M**



Taxes collected **€5,021 M**



Country-by-country direct tax contribution 2024

Looking only at the distribution of the direct tax contribution, the distribution by country in comparison with the prior year is as follows:

Taxes paid into the public treasury	Taxes charged to the income statement		Taxes collected		Total		
	€ millions	2024	2023	2024	2023	2024	2023
Spain		2,532	2,735	1,781	1,034	4,313	3,769
United Kingdom		984	570	276	549	1,260	1,119
United States		891	889	401	372	1,292	1,261
Brazil		219	235	2,209	2,295	2,428	2,530
Mexico		452	156	-10	154	442	310
Other countries		201	119	364	460	565	579
Total		5,279	4,704	5,021	4,864	10,300	9,568

The tax contribution in 2024 is up by €732 million (+8%) on the amount paid in 2023..

Iberdrola allocates 48% of its profit to the payment of taxes⁹

Tax contribution (€ million)	2024	2023	Variations
Own taxes	5,279	4,704	575
Corporate Income Tax	1,940	1,492	448
Non-deductible VAT and similar	13	8	5
Company contributions on salaries	405	380	25
Local taxes	1,135	1,139	-4
Electricity taxes	1,620	1,516	104
Other own taxes	166	169	-3
Taxes collected	5,021	4,864	157
VAT and similar	3,833	3,648	185
Withheld third-party income	942	962	-20
Other taxes collected	246	254	-8
Total	10,300	9,568	732

⁹ Ratio between tax payments and income before taxes (corporate income tax, other taxes and social security payable by the company).

Taxes charged to the income statement

Own taxes, charged to the income statement, were up by 12% compared to the previous year. This increase is mainly concentrated in corporate income tax and electricity taxes.

Corporate income tax paid in 2024 increased mainly in Mexico, owing to the sale of the combined cycle business, as well as in the United Kingdom, following an increase in the tax rate, combined with an increase in taxable income and a reduction in rebates received with respect to the previous year.

The breakdown of corporate income tax paid by country is as follows:

Corporate Income Tax (€ million)	2024
Spain	890
United Kingdom	327
United States	21
Brazil	126
Mexico	443
Other countries	133
Total	1,940

Electricity taxes also increased during the period, mainly in the United Kingdom, following an increase in the price per MWh, with an impact on the Electricity Generation Levy, while in Portugal a new electricity levy came into effect.

The total amount of electricity tax payments is entirely in Europe:

Electricity taxes 2024	Total (€ million)	%
Spain	1,145	70.7%
United Kingdom	435	26.9%
Portugal	33	2.0%
France	2	0.1%
Greece	3	0.2%
Poland	2	0.1%
Europe	1,620	100%

The breakdown of the main electricity taxes paid is as follows:

Country/Tax	Total (€ million)
Spain	1,145
ENRESA rate	203
Water Act rates (including Water Charge)	197
Tax on the value of electric energy production (7%)	179
Electricity taxes – autonomous regions of Spain	147
Temporary energy levy	132
Spent nuclear fuel production tax	109
Other electricity taxes	178
United Kingdom	435
Electricity Generation Levy	152
Energy Company Obligation	207
Other electricity taxes	76
Portugal	33
Subsidised rate (<i>Bono Social</i>)	32
Other electricity taxes	1
France	2
<i>Taxe sur les éoliennes maritimes</i> - Offshore Tax	2
Greece	3
Green Taxes	2
Other electricity taxes	1
Poland	2
Claw back	2
Total	1,620

The situation in Spain and electricity taxation

Environmental taxation should steer taxpayers towards more environment-friendly habits while penalising those that damage the natural environment. However, the current tax system in Spain does not pursue this objective. Spanish electricity is overtaxed due to the existence of a large number of taxes, both at national level and in the autonomous regions. Besides the general taxes levied on all business activities, in the case of the Iberdrola Group, electricity is liable to 40 different taxes, of which 26 are regional. This makes a mockery of the “polluter pays” principle by taxing an economic activity that is 100% renewable and which, in the case of Iberdrola, also happens to be an activity that bears a much more significant tax burden than that borne by natural gas.

An example is the case of electricity generated by hydroelectric plants, where turnover is taxed in parallel by the water charge (25.5%), the tax on the value of

electrical energy (7%), the new temporary energy levy (1.2%) and various additional regional taxes that vary according to the Autonomous Community in which the plant or facility is located. This does not include other taxes such as Property Tax, Business Tax and Corporate Income Tax. All of these taxes are levied on the same source of clean energy that, hypothetically, should be incentivised to speed up the energy transition.

Taxation related to nuclear power is also troubling: the specific taxes for such power, combined with the Tax on the Value of the Production of Electric Energy and ENRESA's charge, far exceeds the taxation to which natural gas is subject.

It therefore appears that the Spanish tax system is not contributing to the necessary energy transition towards renewable energy sources. Environmental taxation is not the one that collects the most tax, but does do the best job in collecting tax.

Taxes collected

The amount contribution by Iberdrola from third-party payments increased during the period, mainly in relation to Value Added Tax and similar taxes following certain changes made in Spain (e.g. removal of the reduced rates applied in the previous year for both VAT and Electricity Tax). A further key event during the period was the reduction in revenues in the United Kingdom owing to the investments made and the capital expenditure arising from the business itself, thus increasing those expenses whose VAT is recoverable; as well as the drop in revenues in Mexico, following the recovery of significant credit balances at companies that were part of the sale of the combined cycle business.

Last but not least, the effect of the exchange had a broadly significant effect on taxes collected in 2024.

ECB exchange rates	2024	2023
GBP / EUR	0.85	0.87
USD / EUR	1.08	1.08
BRL / EUR	5.82	5.40
MXN / EUR	19.82	19.20

The main country-by-country details of the Iberdrola group's tax contribution are set forth below.

Summary table: total tax contribution (millions of euros)

2024 € million	Own taxes						Own taxes	Taxes collected			Taxes collected	Total
	Corporate Income Tax	Non-deductible VAT and similar	Company contributions on Salaries	Local taxes	Electricity taxes	Other own taxes		VAT and similar	Withheld third-party income	Other taxes collected		
Spain	890	13	160	312	1,145	12	2,532	1,287	461	33	1,781	4,313
United Kingdom	327	0	54	168	435	0	984	111	108	57	276	1,260
United States	21	0	79	645	0	146	891	115	210	76	401	1,292
Brazil	126	0	82	5	0	6	219	2,043	107	59	2,209	2,428
Mexico	443	0	9	0	0	0	452	-36	25	1	-10	442
Other countries	133	0	21	5	40	2	201	313	31	20	364	565
Total	1,940	13	405	1,135	1,620	166	5,279	3,833	942	246	5,021	10,300

Summary table: total tax contribution (millions of local currency)

2024 Local currency – millions	Own taxes						Own taxes	Taxes collected			Taxes collected	Total
	Corporate Income Tax	Non-deductible VAT and similar	Company contributions on Salaries	Local taxes	Electricity taxes	Other own taxes		VAT and similar	Withheld third-party income	Other taxes collected		
Spain	890	13	160	312	1,145	12	2,532	1,287	461	33	1,781	4,313
United Kingdom	277	0	45	142	369	1	834	94	91	49	234	1,068
United States	22	0	85	700	0	158	965	124	227	83	434	1,399
Brazil	736	0	479	32	0	35	1,282	11,904	626	348	12,878	14,160
Mexico	8,770	0	176	1	0	0	8,947	-713	500	42	-171	8,776
Other countries	133	0	21	5	40	2	201	313	31	20	364	565

Own taxes and taxes collected by the Iberdrola Group in each country by category

2024 € million	Own taxes						Own taxes	Taxes collected			Taxes collected	Total
	Corporate Income Tax	Non-deductible VAT and similar	Company contributions on Salaries	Local taxes	Electricity taxes	Other own taxes		VAT and similar	Withheld third-party income	Other taxes collected		
Germany	-25	0	3	0	0	0	-22	133	4	3	140	118
Algeria	0	0	0	0	0	0	0	0	0	0	0	0
Australia	0	0	5	0	0	1	6	3	16	0	19	25
Brazil	126	0	82	5	0	6	219	2,043	107	59	2,209	2,428
Bulgaria	0	0	0	0	0	0	0	0	0	0	0	0
Canada	0	0	0	0	0	0	0	0	0	0	0	0
Qatar	0	0	0	0	0	0	0	0	0	0	0	0
Cyprus	0	0	0	0	0	0	0	1	0	0	1	1
South Korea	0	0	0	0	0	0	0	0	0	0	0	0
Spain	890	13	160	312	1,145	12	2,532	1,287	461	33	1,781	4,313
United States	21	0	79	645	0	146	891	115	210	76	401	1,292
France	16	0	6	2	2	0	26	-65	1	3	-61	-35
Greece	9	0	1	0	3	0	13	0	2	1	3	16
Honduras	0	0	0	0	0	0	0	0	0	0	0	0
Hungary	4	0	0	1	0	0	5	10	0	0	10	15
Ireland	0	0	0	0	0	0	0	0	0	0	0	0
Italy	1	0	2	0	0	0	3	54	4	1	59	62
Japan	0	0	0	0	0	0	0	0	0	0	0	0
Latvia	2	0	0	0	0	0	2	1	0	0	1	3
Luxembourg	0	0	0	0	0	0	0	0	0	0	0	0
Malta	0	0	0	0	0	0	0	0	0	0	0	0

2024 € million	Own taxes						Own taxes	Taxes collected			Taxes collected	Total
	Corporate Income Tax	Non-deductible VAT and similar	Company contributions on Salaries	Local taxes	Electricity taxes	Other own taxes		VAT and similar	Withheld third-party income	Other taxes collected		
Morocco	0	0	0	0	0	0	0	0	0	0	0	0
Mexico	443	0	9	0	0	0	452	-36	25	1	-10	442
Montenegro	0	0	0	0	0	0	0	0	0	0	0	0
Norway	0	0	0	0	0	0	0	0	0	0	0	0
Netherlands	0	0	0	0	0	0	0	0	0	0	0	0
Poland	2	0	1	2	2	0	7	3	-1	1	3	10
Portugal	123	0	3	0	33	1	160	173	5	11	189	349
United Kingdom	327	0	54	168	435	0	984	111	108	57	276	1,260
Romania	1	0	0	0	0	0	1	0	0	0	0	1
Singapore	0	0	0	0	0	0	0	0	0	0	0	0
South Africa	0	0	0	0	0	0	0	0	0	0	0	0
Sweden	0	0	0	0	0	0	0	0	0	0	0	0
Taiwan	0	0	0	0	0	0	0	0	0	0	0	0
Vietnam	0	0	0	0	0	0	0	0	0	0	0	0
Total general	1,940	13	405	1,135	1,620	166	5,279	3,833	942	246	5,021	10,300

Tax contribution for corporate income tax. Country-by-country report

Definitions

- **PBT:** Profit or loss (with negative sign) before tax.
- **ETR:** effective tax rate, meaning the percentage of tax (paid or accrued) in relation to profits earned, i.e. it is the result of dividing the amount of tax by the PBT. This measure allows us to analyse deviations between the nominal rate and the effective rate. This analysis of deviations between the nominal and effective corporate income tax rate is not a requirement under the OECD Country-by-Country Reporting Guidelines. However, in order to provide greater depth to the analysis and enable a clearer interpretation of the data shown in the Country-by-Country Report, this section highlights the main aspects by jurisdiction that have led to changes in the ETR of the entities composing the Iberdrola Group. The ETR is calculated for those jurisdictions where the aggregate pre-tax profit or loss is effectively a profit and there is therefore an accrued tax (expense). In loss-making countries, it makes no economic sense to carry out an analysis of the effective tax rate.
- **FTE:** Full Time Equivalentents, a figure showing the quantity of full-time equivalent workers.
- **IFRS:** International Financial Reporting Standards, a widely-used set of international accounting standards. It is a common language that allows companies to project their performance and provide stability and confidence to the market and the global economy as a whole.
- **CIT** Corporate Income Tax.
- **OCDE Handbook:** the “Handbook on effective tax risk assessment”, published in September 2017 by the OECD as part of BEPS Action 13: [View PDF: Handbook on effective tax risk assessment \[opens in new window\]](#).
- **TTC:** Total Tax Contribution.
- **TRI:** the tax risk indicators recommended by the OECD in Annex 2 of the OECD Handbook.

Data source – Country-by-country report





- **Data source:** Iberdrola has prepared the information contained in the country-by-country report by aggregating the information contained in the separate financial statements of the group’s entities, based on IFRS accounting standards.
- **Scope of consolidation:** the list of group entities includes controlled entities that are fully and proportionately consolidated, excluding those entities that are accounted for using the equity method. Permanent establishments are considered to be part of the tax jurisdiction in which they are located. Entities that

have been removed from the scope of consolidation during the period due to their sale, merger or liquidation are not included.



- **Revenues:** this category includes the following items: turnover, other operating income and financial income, excluding intercalary interest (that which is capitalised until the asset under construction is brought into operation), intra-group dividends and exchange gains, insofar as they are hedged with derivatives, which cancel out the income. As the data source considered is the aggregation of line items retrieved from the separate financial statements, the related party income line item would reflect the full amount of local and international operations without any elimination of intra-group items typically associated with the consolidation process.
- **Profit before tax:** PBT is included, excluding intra-group dividends, to ensure consistency with its exclusion under the revenues section. Note that no information is given for those companies accounted for using the equity method.
- **Income tax paid (on cash basis):** includes the net amount paid, i.e. payments minus receipts. The following items are included: Income tax paid in tax returns and self-assessments, income tax paid as a result of inspection proceedings, withholding taxes paid abroad by the entity paying the withholding tax, withholding taxes paid within the country on account of the tax. It does not include any payments of late payment interest, surcharges or penalties relating to income tax charges.
- **Income tax accrued (current year):** the current income tax expenditure of fully and proportionately consolidated entities is considered.
- **Stated capital:** in relation to stated capital, the aggregate figure of the companies included the scope of consolidation for the subscribed capital is included, without counting non-controlling interests.
- **Accumulated earnings:** this figure includes the net assets, excluding non-controlling interests, without subscribed capital, that each jurisdiction contributes to the group.
- **Number of employees:** includes the number of employees on the payroll at 31 December of the year in question, in terms of FTEs (full time equivalents).
- **Tangible assets other than cash and cash equivalents:** this balance sheet item includes the assets of fully and proportionately consolidated entities. This item includes the average figure for (i) administrative concessions; (ii) property, plant and equipment; (iii) rights of use and for the specific case of Brazil: IFRIC 12 concessions because it is in this item where the value of the investment in tangible assets of the electricity distribution and transmission activity in that country is reported; (iv) special obligations; and (v) financial assets and contract assets.

Value chain of the business



1

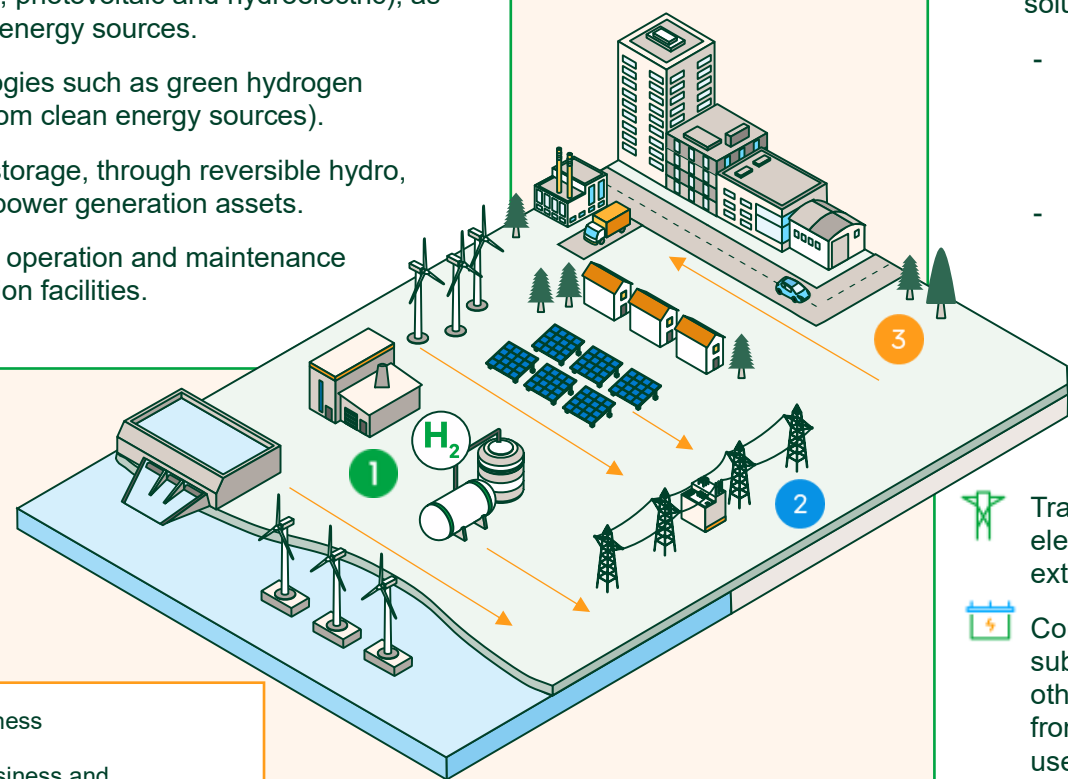
-  Renewable electricity generation (onshore and offshore wind, photovoltaic and hydroelectric), as well as other energy sources.
-  New technologies such as green hydrogen (generated from clean energy sources).
-  Large-scale storage, through reversible hydro, and at other power generation assets.
-  Construction, operation and maintenance of all generation facilities.

3

-  Supply of energy to the end-user.
-  Energy products and services for customers: with innovative and smart solutions in the following areas:
 - Residential, with services including energy storage, heat pumps, self-consumption, electric mobility, solar power, etc.
 - Industrial, offering comprehensive management of energy facilities and supplies (Green H2, industrial heat, etc.).





2

-  Transmission and distribution of electricity. Remuneration subject to extensive regulation.
-  Construction, O&M of power lines, substations, transformer stations and other infrastructure, to bring electricity from production centres to the end-user and to integrate distributed generation.



-  Networks Business
-  Renewable Business and Sustainable Generation
-  Customer Business

General activities affecting all businesses

-  **Financing:** the Iberdrola Group's Financial-Cash model allows for centralised financial management in Spain, the country of the parent company. Implementation of the model is based on criteria of financial optimisation, risk containment, consideration of regulatory impacts, and exchange control. The country sub-holding companies also have their own local teams with their own functions.
-  **Purchasing:** the Purchasing Division is tasked with the centralised purchase of equipment and materials (other than energy). It also arranges and performs works and services contracts for the entire Iberdrola Group, complying with the objectives of cost efficiency, strategic alignment, internal regulation of the group, and ethics and compliance with applicable law. This activity is also carried out locally by the country subholding companies through their own resources for non-centralised contracts.
-  **Insurance:** Iberdrola's Risk Management and Insurance Unit manages the pure operational risks of the Iberdrola group on behalf of the Businesses and is responsible for taking out and managing all insurance policies of the Iberdrola group (except life and accident, medical, and pension insurance). The reinsurance business is conducted from an entity based in Luxembourg. This Division is located in Spain, the country of the parent company, Iberdrola, S.A.
-  **R&D:** innovation is a decentralised process because it is carried out independently at each business unit, although in a consistent manner across the wider Group, thanks to the supporting and coordinating role played by the Innovation, Sustainability and Quality Division of Iberdrola, S.A. This activity is carried out in those locations where there are resources allocated to it (generally in all core countries). In addition, the Iberdrola Innovation Middle East (Qatar) innovation centre was launched in 2016 to address the practical technological challenges posed by the digitalisation of the energy system.



Country-by-Country Report – Table 1

Corporate Income Tax has traditionally been considered the tax that shows the main contribution of companies to public coffers. Although far from reality, it is true that the Corporate Income Tax continues to be the tax to which most effort is dedicated by the various tax authorities, in terms of study, analysis and proposals for improvement in order to avoid the shifting of profits into low-tax jurisdictions. In relative terms, Corporate Income Tax represents 37% of the total own taxes affecting the Iberdrola Group.

The Iberdrola Group paid a total of €1,940 million in Corporate Income Tax in 2024, with a particularly significant contribution in countries such as Spain, Brazil, Mexico and the United Kingdom.

The Corporate Income Tax paid represents approximately 24% of its profit before Income Tax.

In terms of accrual, according to the data included in the consolidated financial statements of the Iberdrola Group, the Corporate Income Tax expense amounted to €2,150 million in financial year 2024, which is more than 26.5% of its profit before tax.

In order to provide maximum transparency, Iberdrola voluntarily publishes its Country-by-Country Report (CBCR) taking into account the Corporate Income Tax accrued and paid by country, also including other parameters contained in such report, upon the terms established by the OECD. The Group thus ensures full transparency in the provision of tax information to third parties.

The Iberdrola Group, as a large multinational group, qualifies for the Pillar Two model rules (also known as the GloBE Rules) approved on 14 December 2021 by the Inclusive Framework of the Organisation for Economic Co-operation and Development (OECD)/G20 on BEPS (Base Erosion and Profit Shifting), to which the Member States of the European Union, among many others, have adhered.

Under these model rules, the Group is required to pay a top-up tax on profits earned in any tax jurisdiction where its effective tax rate, calculated at the jurisdictional level and in accordance with the rules, is below a minimum of 15%.

Legislation implementing the model rules has been enacted or is at an advanced stage of adoption in many of the jurisdictions in which Iberdrola operates.

In Spain, where the group's ultimate parent company is located, Council Directive (EU) 2022/2523 of 15 December 2022 has been transposed into domestic law, particularly affecting Iberdrola through Law 7/2024 of 20 December and Biscay Provincial Law 4/2004 of 27 December.

These rules (in Spanish Law, Transitional Provision Four – Transitional non-enforceability of the top-up tax in accordance with the admissible country-by-country information) provides substantive regulation of transitional safe harbours for the 2024–2026 period, in which the country-by-country information is especially

significant, as it is used as a basis to calculate and verify compliance of these safe harbours.

In this context, the Iberdrola Group has adapted the structure of its country-by-country report for financial year 2024 to the requirements of the rules on the top-up tax, so as to present a “qualifying country-by-country report” for the purposes of the new global minimum tax rules.

Thus, as in 2023, the main source of data for drawing up the country-by-country report presented below is the aggregate data retrieved from the separate financial statements prepared under IFRS for those Iberdrola Group companies that are consolidated by the full or proportionate consolidation methods (“line by line”) (expressed in millions of euros), and not the consolidated statements, which was the methodology used until financial year 2022. These figures exclude companies consolidated under the equity method.

€ million Tax jurisdiction	Income – Third parties	Income – Related party	Income - Total	Pre-tax profit/(loss)	CIT paid	Total CIT accrued	Current CIT accrued	Stated capital	Undistributed results	Number of employees	Tangibles assets
Spain	14,286	21,629	35,915	3,554	890	800	883	17,185	39,588	9,849	24,773
United Kingdom	9,737	5,217	14,954	2,107	327	594	344	22,788	22,411	6,507	20,495
United States	8,256	1,296	9,552	-755	21	-213	11	1,601	1,024	8,269	32,634
Brazil	9,697	486	10,183	886	126	181	115	4,107	5,134	15,544	11,890
Mexico	5,338	580	5,918	3,204	443	807	936	3,257	2,232	831	3,991
Germany	501	306	807	136	-25	25	37	-74	571	196	2,502
Algeria	0	0	0	0	0	0	0	0	0	0	0
Australia	502	21	523	31	0	8	0	1,733	408	240	1,646
Bulgaria	0	0	0	-1	0	0	0	3	-52	0	0
Canada	0	0	0	-17	0	0	0	0	-252	0	0
Qatar	5	0	5	-1	0	0	0	1	-13	36	2
Cyprus	4	0	4	2	0	0	0	0	7	1	16
South Korea	0	0	0	-1	0	0	0	4	-2	1	0
Egypt	0	0	0	0	0	0	0	0	0	0	0
France	328	37	365	79	16	23	14	2,089	117	150	2,547
Greece	84	0	84	45	9	10	11	0	122	112	321
Honduras	0	0	0	0	0	0	0	0	0	0	0
Hungary	38	2	40	27	4	5	5	64	118	10	99
Ireland	0	0	0	-15	0	0	0	17	-49	2	0
Italy	369	226	595	-15	1	-10	0	5	-234	107	176
Japan	0	0	0	-27	0	0	0	20	-45	13	0
Latvia	5	0	5	2	2	1	1	0	1	1	0
Luxembourg	2	6	8	-9	0	-3	0	18	13	1	0
Malta	0	0	0	0	0	0	0	0	1	0	0
Morocco	0	0	0	0	0	0	0	0	0	0	0
Montenegro	0	0	0	0	0	0	0	0	0	0	0
Norway	0	0	0	-1	0	0	0	0	-2	0	0
Netherlands	0	414	414	0	0	0	0	0	10	0	0
Poland	54	2	56	0	2	2	1	104	-9	39	294
Portugal	1,142	914	2,056	149	123	47	46	4	273	238	2,067
Romania	48	5	53	46	1	2	2	79	77	0	38
Singapore	0	0	0	0	0	0	0	2	-1	1	0
South Africa	0	0	0	0	0	0	0	9	-13	0	0
Sweden	0	0	0	0	0	0	0	0	-24	0	0
Taiwan	0	0	0	0	0	0	0	0	-15	3	0
Vietnam	0	0	0	-1	0	0	0	3	-5	4	2
Total	50,396	31,141	81,537	9,425	1,940	2,279	2,406	53,019	71,391	42,155	103,493



In accordance with GRI Disclosure 207-4 on country-by-country reporting, "the reporting organization must present the following information for each tax jurisdiction: (...) (v) revenue from intra-group transactions with other tax jurisdictions".

Although this information is not part of the Country-by-Country Report submitted to the Tax Authorities (Form 231 in Spain) or the OECD Model, in order to allow for a more precise identification and assessment of tax risk tailored to the economic reality of the Iberdrola Group's intra-group transactions, we provide in this table a breakdown by jurisdiction of revenue from related entities resident in the same jurisdiction and revenue from other jurisdictions.

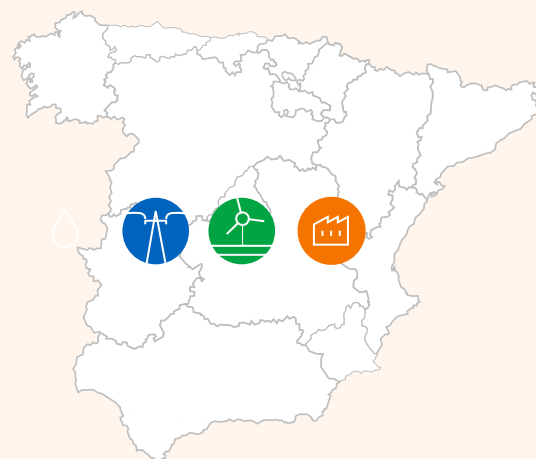
This information also allows for the quantitative criteria used in determining the TRI to be weighed in order to carry out the relevant self-assessment of the Iberdrola Group in accordance with the OECD Manual.

€ million Tax jurisdiction	Revenues – Related party	International related revenues	Domestic related revenues
Spain	21,629	2,679	18,950
United Kingdom	5,217	172	5,045
United States	1,296	2	1,294
Brazil	486	-	486
Mexico	580	-19	599
Germany	306	112	193
Argelia	0	-	-
Australia	21	21	-
Bulgaria	0	-	-
Canada	0	-	-
Qatar	0	-	-
Cyprus	0	-	-
South Korea	0	-	-
Egypt	0	-	-
France	37	3	34
Greece	0	-	-
Honduras	0	-	-
Hungary	2	2	-
Ireland	0	-	0
Italy	226	7	219
Japan	0	-	-
Latvia	0	-	-
Luxembourg	6	6	-
Malta	0	-	-
Morocco	0	-	-
Montenegro	0	-	-
Norway	0	-	-
Netherlands	414	414	-
Poland	2	1	1
Portugal	914	182	732
Romania	5	5	-
Singapore	0	-	-
South Africa	0	-	-
Sweden	0	-	-
Taiwan	0	-	-
Vietnam	0	-	-
Total	31,141	3,588	27,553

11. Tax assessment by country

Spain

Revenue €35,915 M	Profit €3,554 M
TTC €4,313 million	Employees 9,849
Nominal rate 24-25%	Effective rate 23%



Significant legal entities

Iberdrola, S.A.	Iberdrola España, S.A.U.	Iberdrola Clientes, S.A.U.
Iberdrola Energía Internacional, S.A.U.	Hidrola I, S.L.	Iberdrola Participaciones, S.A.U.
Iberdrola Generación Nuclear, S.A.U.	Iberdrola Generación Térmica, S.L.U.	Iberdrola Renovables Energía, S.A.U.
Iberdrola Renovables Internacional, S.A.U.	Iberdrola Redes España, S.A.U.	Iberdrola Energía España, S.A.U.
Iberdrola Energía Sostenible España, S.L.	I-DE Redes Eléctricas Inteligentes, S.A.U.	Iberdrola Financiación, S.A.

Business activity

Iberdrola España is the country subholding company of the Iberdrola group in Spain. It groups together the holdings in the head of business companies related to energy, networks, electricity generation and the retail supply of energy through sustainable sources, all of which carry out their activities essentially in Spain.

Iberdrola Energía Sostenible España is the head of business company of the deregulated business of generating and supplying sustainably sourced electricity. It is responsible for carrying out all manner of activities, works and services related to the business of producing and carrying out the retail supply of electricity obtained from facilities that utilise renewable energy sources.

i-DE Redes Eléctricas Inteligentes is the head of business company of the business in Spain. Its main function is to transport electricity from the generating stations connected to the distribution network itself to the end-consumer’s facility. It has a customer base of more than 11 million customers and its electricity grid spans 10 different autonomous communities of Spain and 25 provinces, covering a territory of 270,000 km².

Iberdrola Energía España is the head of business company of the customers business, engaging in the wholesale and retail supply of electricity and natural gas,

while also providing various services and energy products. It offers a wide array of products and services that promote energy efficiency, energy saving and environmental protection.

Last but not least, Iberdrola Financiación and Iberdrola, S.A. function as the Group's financial companies, by raising financing and allocating it among any Group companies that need it in order to carry out their activities.

The 2024–2026 Strategic Plan envisions an investment of €21,500 million in the networks business (60% of net investment), of which more than €6,500 million is earmarked for transmission grids. Of the total planned investment in the Networks business, 10% is set to be invested in Spain. At the Renewables business, the company expects to invest upwards of EUR 2,150 million in the Iberian market, mainly in onshore wind and solar technologies. For the Customers business Iberdrola will focus on long-term contracts that ensure the viability of investments, as well as on maintaining revenue stability thanks to the electricity contracts for 2026 that enable the supply of 45 TWh/year in Iberia and the United Kingdom.

These investments will make Iberdrola financially stronger, with total EBITDA expected to reach €16,500–17,000 million by the end of the period (2026), with the networks and renewables businesses contributing around 50% each.

More precisely, EBITDA in Spain grew by roughly 6% in 2024. Investment in the Iberian market in the electricity production and customers segment came to EUR 1,414 million during the period, mainly in pumped storage and selective investment in renewable projects..

■ Total tax contribution

Total taxes paid (€4,313 million)

Spain	€ million
Own taxes	2,532
Corporate Income Tax	890
Non-deductible VAT and similar	13
Salary contributions	160
Local taxes	312
Electricity taxes	1,145
Other own taxes	12
Taxes collected	1,781
VAT and similar	1,287
Withheld third-party income	461
Other taxes collected	33
Total	4,313

Iberdrola is a Group in which the parent company is located in Spain.

A significant amount of corporate income tax was paid in Spain in 2024, amounting to €890 million, representing 35% of the total taxes charged to the income statement.

Payments of electricity taxes were also high, accounting for 45% of total taxes charged to the income statement in Spain. Key events in 2024 included the gradual disappearance of the transitional measures and the recovery of the general tax rate on the tax on the value of electricity production.

There was also a significant increase in the collection of VAT and similar taxes, mainly due to the removal of the reduced VAT and electricity tax rates applied in previous years. There was also an increase in withholdings and payments on account, due to higher interest rates, as well as an increase in the dividend paid out.

▪ **Country-by-country report – OECD**

Spain, being the most mature market, contributed 44% of revenues, 38% of profit and 23% of the Group’s total workforce, on a par with the 2023 figures. It is a jurisdiction with a high volume of related-party revenues as it is the country where the Group’s parent company is located and therefore brings together numerous resources tasked with the provision of centralised services. Of the total related-party revenues, 88% come from domestic operations. All the data from the 2024 country-by-country report is included at the beginning of the section.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	14,286	21,629	35,915	3,554	890	800	883	9,849
2023	15,118	23,260	38,378	3,392	925	794	886	9,890

As shown in the table below, there were no significant deviations in 2024 between the nominal rate and the effective rate.

Analysis of deviation between nominal and effective rates

Year	ETR (Total)	ETR (Cash)	Nominal rate
2024	23%	25%	24% - 25%
2023	23%	27%	24% - 25%

At the end of this section, the TRIs are analysed one by one in accordance with the self-assessment methodology recommended by the OECD Guidelines. The main TRIs analysed for Spain are as follows:



United Kingdom

Revenue
€14,954 million

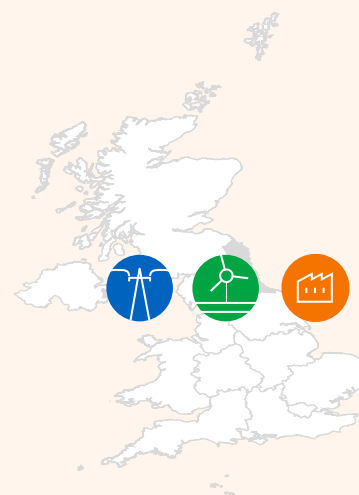
Profit
€2,107 million

TTC
€1,260 million

Employees
6,507

Nominal rate
25%

Effective rate
28%



▪ Significant legal entities

Scottish Power Investments, Ltd.	Scottish Power, Ltd.	Scottish Power UK, Plc
Scottish Power Renewable Energy Ltd.	Scottish Power Retail Holdings Ltd.	Scottish Power Energy Networks Holdings Ltd.
Scottish Power Renewables (UK) Ltd.	Scottish Power Generation (Assets) Ltd.	Scottish Power Energy Retail Ltd.
Scottish Power Energy Management Ltd.	SP Transmission Plc	

▪ Business activity

Scottish Power is focused on wind, smart grids and driving the migration towards a future with cleaner electricity, investing more than £6 million every single day to make this happen. Scottish Power is on the cutting edge of green hydrogen development to begin supplying more than 120 MW of electrolyser capacity.

In August 2024 the Iberdrola Group acquired 88% of Electricity North West (ENW). This acquisition is part of Iberdrola’s broader strategy of strengthening its networks business, making it the second largest regulated electricity transmission and distribution company in the UK. From this point forward, Iberdrola will distribute electricity to around 12 million people and will have more than 170,000 kilometres of networks. It will also employ more than 8,500 people across the country.

The 2024–2026 Strategic Plan proposes to invest €5,375 million in the Networks business and €4,340 million in the Renewables business in the UK, mainly in offshore and onshore wind technologies. Meanwhile, for the Customer business Iberdrola will focus on long-term contracts that ensure the viability of investments, as well as on maintaining revenue stability thanks to the 14 million electricity contracts in 2026 that will enable the supply of 45 TWh/year in Iberia and the United Kingdom.

The key events affecting the UK business in 2024 included tariff adjustments and a larger regulated asset base. Investments in Networks were up 45% compared to 2023, including the acquisition of ENW. Investment in the United Kingdom in the

electricity generation and customer segment was up 4% on 2023, reaching €1,202 million, mainly for the projects under construction with the East Anglia 2 and 3 CfD.

▪ Total tax contribution

Total taxes paid (€1,260 million)

United Kingdom	€ million	GBP million
Own taxes	984	834
Corporate Income Tax	327	277
Non-deductible VAT and similar	0	0
Salary contributions	54	45
Local taxes	168	142
Electricity taxes	435	369
Other own taxes	0	1
Taxes collected	276	234
VAT and similar	111	94
Withheld third-party income	108	91
Other taxes collected	57	49
Total	1,260	1,068

The country has a classical tax structure, with a homogenous mix of own and collected taxes as well as a centralised tax authority.

The exchange rate effect in the United Kingdom in 2024 is moderate.

The amount of taxes charged to the income statement in 2024 increased significantly.

The increase in corporate income tax is largely due to the increase in the tax rate from 23.5% to 25% in 2024. The amount of electricity taxes paid was also significantly higher, owing to an increase in the contribution due to the development of the Energy Company Obligation scheme and the increase in the price per MWh, affecting the Electricity Generator Levy.

Lastly, there was a reduction in VAT collected, due to the investments made and the capital expenditure derived from the business itself, thus increasing the expenses for which VAT is recoverable.

▪ Country-by-country report – OECD

The United Kingdom contributes 22% of revenues and 18% of profit and accounts for 15% of the Group's total workforce, on a par with 2023 figures. This jurisdiction has the second highest pre-tax profit in the Group, second only to Spain. It is therefore an established market of great economic and strategic importance to the Group. Of its total revenues, 35% come from related parties. This high percentage is largely due to the fact that it includes the amounts of domestic operations that represent 97% of total related-party revenues (e.g. centralised services from the sub-holding to subsidiaries). There are also highly specialised staff based in the United Kingdom

who provide development and construction services to other jurisdictions. All the data from the 2024 country-by-country report is included at the beginning of the section.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	9,737	5,217	14,954	2,107	327	594	344	6,507
2023	13,026	7,445	20,471	2,067	157	529	289	6,177

The differences between the nominal and effective tax rates are mainly due to the impact of certain permanent differences between accounting and taxation arising in 2024 as a result of non-tax-deductible expenses such as certain development costs or the temporary windfall tax on low-carbon energy generation (known as the ‘Electricity Generator Levy’).

Analysis of deviation between nominal and effective rates

Year	ETR (Total)	ETR (Cash)	Nominal rate
2024	28%	16%	25%
2023	26%	8%	25%

At the end of this section, the TRIs are analysed one by one in accordance with the self-assessment methodology recommended by the OECD Guidelines. The main TRIs analysed for the UK are as follows:



United States of America

Revenue
€9,552 million

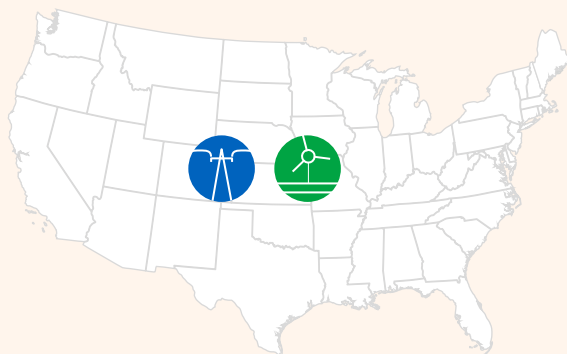
Profit (loss)
-€755 M

TTC
€1,292 million

Employees
8,269

Nominal rate
26.50%

Effective rate
n/a



Significant legal entities

Avangrid, Inc.	Avangrid Management Company LLC.	Avangrid Networks Inc.
Avangrid Renewables Holding Inc.	Avangrid Renewables LLC	Atlantic Renewable Energy Corporation
Atlantic Wind LLC	Central Maine Power Company	Avangrid Networks New York TransCo, LLC
UIL Group, LLC	New York State Electric & Gas Corporation	Rochester Gas and Electric Corporation
West Valley Leasing Company, LLC		

Business activity

Avangrid, a leading energy company in the United States, works to meet the growing demand for energy among households and businesses across the country through service, innovation and continuous investment, expanding its grid infrastructure, and undertaking power generation projects.

Avangrid has offices in Connecticut, New York, Massachusetts, Maine and Oregon, and operates in 24 states with approximately \$47,000 million in total assets. It operates mainly in two business lines: networks and renewable energies.

Through its networks business, Avangrid owns and operates eight electric and natural gas utilities, serving more than 3.3 million customers in New York and New England in 2024.

Through its renewable energy business, Avangrid owns and operates more than 75 power generation facilities across the United States, producing more than 20,897GWh of power for more than 2.2 million customers. It also plays a leading role in the growing offshore industry in the United States.

The 2024–2026 Strategic Plan sets out to invest 9,460 million in the Networks business and 3,875 million in the Renewables business in the United States, mainly in offshore and onshore wind technologies and solar power.

In December 2024, Iberdrola acquired 18.4% of Avangrid's share capital, bringing its total stake to 100%. Meanwhile, investments of €1,142 million were made in the Transmission segment (mainly in NY and the NECEC project) and €1,400 million in the Distribution segment (mainly in NY). There is also a further investment in the United States of €1,380 million in the power generation and customers segment.

▪ Total tax contribution

Total taxes paid (€1,292 M)

United States of America	€ million	USD million
Own taxes	891	965
Corporate Income Tax	21	22
Non-deductible VAT and similar	0	0
Salary contributions	79	85
Local taxes	645	700
Electricity taxes	0	0
Other own taxes	146	158
Taxes collected	401	434
VAT and similar	115	124
Withheld third-party income	210	227
Other taxes collected	76	83
Total	1,292	1,399

The United States of America is a country with a classical structure and a large variety of tax jurisdictions.

The exchange rate effect in the United States in 2024 is moderate.

There was a reduction in corporate income tax in 2024 as the payments on account for 2023 had been calculated taking into account the recently approved Corporate Alternative Minimum Tax regulations. Thus, these 2023 payments on account turned out to be higher than the final Federal Income Tax return filed in 2024. Rebates were also received at the national level over the course of the year.

There was an increase in local taxes compared to 2023, as a rebate of the New York State Sales & Use Tax had been received in 2023.

Lastly, there were significant increases in withholdings following an increase in the number of employees, among other factors.

▪ Country-by-country report – OECD

The United States contributes 12% of revenues and accounts for 20% of the Group's workforce, with the weight of revenues from related-party transactions being

relatively small. Almost all of the related-party revenues come from domestic transactions.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	8,256	1,296	9,552	-755	21	-213	11	8,269
2023	7,488	1,082	8,570	322	38	48	32	7,999

In 2024, the United States posted a pre-tax loss, meaning that an analysis of the effective tax rate borne by this jurisdiction is not warranted..

Analysis of deviation between nominal and effective rates

Year	ETR (Total)	ETR (Cash)	Nominal rate
2024	-	-	26.50%
2023	15%	12%	26.50%

At the end of this section, the TRIs are analysed one by one in accordance with the self-assessment methodology recommended by the OECD Guidelines. The main TRIs analysed for the United States are as follows:

TRI1

TRI2

TRI3

TRI4

TRI5

TRI6

TRI7

TRI8

TRI9

TRI10

TRI11

TRI12

TRI13

TRI14

TRI15

TRI16

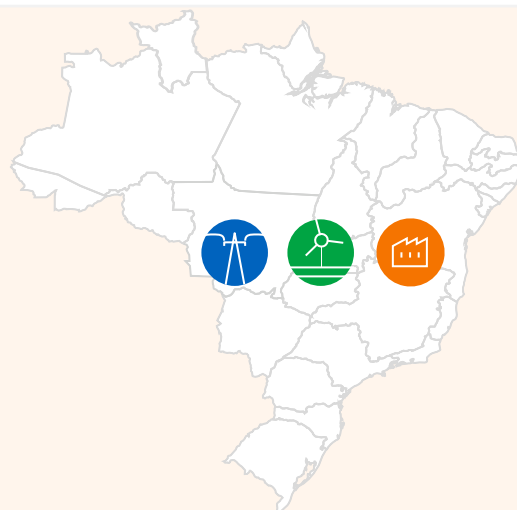
TRI17

TRI18

TRI19

Brazil

Revenue €10,183 M	Profit (loss) €886 M
TTC €2,428 M	Employees 15,544
Nominal rate 34%	Effective rate 20%



Significant legal entities

Neoenergia S.A.	Companhia de Eletricidade do Estado do Bahia, S.A. - COELBA	Companhia Energética de Pernambuco, S.A. - CELPE
Companhia Energética do Rio Grande do Norte, S.A. - COSERN	Elektro Redes, S.A.	Elektro Renováveis do Brasil, S.A.
Enerbrasil-Energias Renováveis do Brasil, S.A.	Termopernambuco, S.A.	Neoenergia Smart, Ltd.
Neoenergia Renováveis S.A.		

Business activity

The Iberdrola Group is present in Brazil across 18 states and the Federal District, where it engages in the generation, transmission, distribution and sale of energy.

Neoenergia operates in the electricity transmission sector with long-distance high-voltage transmission to the National Interconnected System. It has 15 transmitters, including both assets in operation and those under construction. It has more than 6,000 kilometres of transmission lines, spanning 13 different Brazilian states. Its main activity is the distribution of electricity.

Acting through its distributors, Neoenergia brings electricity to more than 37 million people in the states of Bahia, Pernambuco, Rio Grande do Norte, São Paulo, Mato Grosso do Sul and the Federal District.

Neoenergia also operates in the renewable energy sector through three sources: wind, hydroelectric and solar. In 2024, Neoenergia’s total installed capacity exceeded 4.4 GW.

Neoenergia offers energy products and solutions to customers through its retail supply company. They are tailor-made solutions aimed at the free energy market, an environment where companies choose their suppliers and freely negotiate electricity volumes and prices.

The planned investment in Brazil's networks business under the 2024–2026 strategic plan comes to €4,515 million.

▪ Total tax contribution

Total taxes paid (€2,428 M)

Brazil	€ million	BRL million
Own taxes	219	1,282
Corporate Income Tax	126	736
Non-deductible VAT and similar	0	0
Salary contributions	82	479
Local taxes	5	32
Electricity taxes	0	0
Other own taxes	6	35
Taxes collected	2,209	12,878
VAT and similar	2,043	11,904
Withheld third-party income	107	626
Other taxes collected	59	348
Total	2,428	14,160

Brazil has a complex tax structure, arising from its political, federal and state structure of multiple tax jurisdictions.

The plethora of taxes and jurisdictions means that the tax burden is high, particularly in the area of indirect taxation.

The total contribution compared to the previous year was up by R\$491 million, although the exchange rate effect yielded a reduction in euro terms of €102 million. Therefore, considering the differences in euro and local currency, there was a significant exchange rate effect in 2024.

In this respect, there was a slight decline in the corporate income tax contribution resulting from the change in the tax base.

The amount of taxes collected in Brazil is also highly significant, given that the regulated business involves large-scale invoicing to a large number of customers, with the corresponding taxes being passed on.

More precisely, there was an increase in VAT collected in 2024, mainly due to the increase in the prevailing rates and the signing of new contracts for the CIP/COSIP taxes, as well as a lower volume of compensation compared to the previous year in COFINS – Contribuição de Financiamento de la Seguridade Social (Social Security Financing Contribution).

Lastly, there was also an increase in withholdings of income from third parties, mainly due to the new hires made during the period.

▪ **Country-by-country report – OECD**

Brazil is the third most relevant jurisdiction when it comes the contribution it makes, accounting for 13% of Group’s total revenues and 9% of its profits. Brazil also happens to be the most relevant jurisdiction for the Group in terms of the proportion of employees, accounting for more than 37% of the Group’s total headcount. The proportion of employees in Brazil is high due to the lower volume of outsourced work, especially in the regulated business, when compared with other jurisdictions, among other factors. It is a jurisdiction with a low volume of related-party revenues, all of which are domestic. All the data from the 2024 country-by-country report is included at the beginning of the section.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	9,697	486	10,183	886	126	181	115	15,544
2023	10,301	-	10,301	969	143	78	82	15,707

The effective rate is below the nominal rate mainly due to the (optional) application of the presumptive profit regime in the taxation of certain companies, as well as the payment of *Juros sobre o capital próprio* (interest on equity) and the existence of the SUDENE tax incentive. Further highlights in the period included the capitalisation of tax loss carryforwards from previous years at the holding company of the Renewables Business.

Analysis of deviation between nominal and effective rates

Year	ETR (Total)	ETR (Cash)	Nominal rate
2024	20%	14%	34%
2023	8%	15%	34%

At the end of this section, the TRIs are analysed one by one in accordance with the self-assessment methodology recommended by the OECD Guidelines. The main TRIs analysed for Brazil are as follows:



Mexico

Revenue
€5,918 M

Profit (loss)
€3,204 M

TTC
€442 M

Employees
831

Nominal rate
30%

Effective rate
25%



Significant legal entities

Iberdrola México, S.A. de C.V.	Iberdrola Generación México, S.A. de C.V.	Iberdrola Renovables México, S.A. de C.V.
Iberdrola Servicios Corporativos S.A. de C.V.	Iberdrola Clientes, S.A. de C.V.	Iberdrola Generación, S.A. de C.V.

Business activity

Iberdrola Mexico has been working for more than 25 years to support the energy and sustainable development of Mexico by providing a reliable, competitive and sustainable supply of energy. It currently has an installed capacity of more than 2.6 GW across the country, comprising six wind farms, three photovoltaic farms, and six cogeneration and combined cycle plants, with a presence in 12 different Mexican states.

Iberdrola Generación México, S.A. de C.V. is the parent company of the generation business in Mexico, which provides all manner of services related to the generation, transmission, transformation and sale of electricity produced from thermal sources. Iberdrola Renovables México, S.A. de C.V., as the parent of the Renewables business in Mexico, engages in the deregulated generation and sale of electricity through renewable energy sources.

In 2024 Iberdrola completed the sale of a significant part of its business in Mexico for approximately \$6,200 million (approximately €5,800 million). The transaction involves the sale of 13 generation plants with a combined installed capacity of 8,539 MW, of which 99% relates to gas combined cycle plants and 87% to plants operating under the Independent Power Producer regime by arrangement with the Federal Electricity Commission (CFE).

The 2024–2026 Strategic Plan envisions an investment in the Renewables business in the LATAM region of €1,085 million, and in Mexico, mainly in solar technology.

- **Total tax contribution.**

Total taxes paid (€442 M)

Mexico	€ million	MXN million
Own taxes	452	8,947
Corporate Income Tax	443	8,770
Non-deductible VAT and similar	0	0
Salary contributions	9	176
Local taxes	0	1
Electricity taxes	0	0
Other own taxes	0	0
Taxes collected	-10	-171
VAT and similar	-36	-713
Withheld third-party income	25	500
Other taxes collected	1	42
Total	442	8,776

Mexico has a simple tax framework, based on Corporate Income Tax and on VAT, with a federal-level administrative centralisation.

The exchange rate effect in the case of Mexico was moderate in 2024.

The main differences in contribution with respect to the previous year arise from the aforementioned sale of the business in Mexico, which led to a significant increase in the amount of corporate income tax paid during the year, coupled with a reduction in the collection of VAT due to the recovery of significant credit balances owed by those companies that were sold.

- **Country-by-country report – OECD**

Mexico accounts for 7% of the Group's total revenues, 34% of its profit and 2% of its workforce. The weight of related-party revenues is low, as it arises entirely from domestic transactions. In 2024 Mexico made the second biggest contribution to the Group's total profit due to the sale of the combined cycle business.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	5,338	580	5,918	3,203	443	807	936	831
2023	3,369	531	3,901	284	144	162	200	1,301

Changes in exchange rates, considering that dollarised accounts are presented, and the existence of certain accounting and tax differences (capital gain on the sale of the combined cycle business, provisions, deferred income, inflationary effect, valuation of derivatives and recognition differences in fixed assets and the depreciation rates thereof) explain the difference between the nominal and effective rates.

Analysis of deviation between nominal and effective rates

Year	ETR (Total)	ETR (Cash)	Nominal rate
2024	25%	14%	30%
2023	57%	51%	30%

At the end of this section, the TRIs are analysed one by one in accordance with the self-assessment methodology recommended by the OECD Guidelines. The main TRIs analysed for Mexico are as follows:



Other countries



Significant legal entities

Iberdrola Renovables, S.A.S.	Iberdrola Renovables Deutschland GmbH	Iberdrola Renewables Portugal S.A.
Iberdrola Energie France, S.A.S.	Iberdrola Energie Deutschland GmbH	Iberdrola Clientes Portugal, Unipessoal Lda.
Iberdrola Développement Renouvelable, S.A.R.L.	Iberdrola Clienti Italia, S.R.L.	Iberdrola Renewables Australia PTY, Ltd.
C.Rokas Industrial Commercial Company, S.A.	Iberdrola Renovables Italia, S.p.A.	Iberdrola Australia, Ltd.
Iberdrola Renewables Polska, SP ZOO	Iberdrola International, B.V.	

Business activity

Iberdrola Energía Internacional, S.A.U. is the country subholding company in Spain but with an international presence. It carries out its activities in various territories through Iberdrola Renovables Internacional, S.A.U., which engages in the production and sale of electricity through facilities that use renewable energy sources in territories where the businesses are not owned by the country subholding companies of the core countries. The retail supply companies are present in Australia, Germany, France, Italy and Portugal. However, the Group has gradually walking away from the retail supply of energy in the residential segment in several jurisdictions, due to unsatisfactory results following investments in market penetration and customer acquisition.

The engineering business has been winding down since 2017, with a residual presence remaining in countries such as Algeria, Egypt, Honduras, Montenegro and South Africa.

■ Total tax contribution

Total taxes paid (€565 M)

Other countries	€ million
Own taxes	201
Corporate Income Tax	133
Non-deductible VAT and similar	0
Salary contributions	21
Local taxes	5
Electricity taxes	40
Other own taxes	2
Taxes collected	364
VAT and similar	313
Withheld third-party income	31
Other taxes collected	20
Total	565

This category includes significant jurisdictions in terms of their tax contribution, notably Australia, France, Germany, Greece, Hungary, Italy, Poland and Portugal.

The tax contribution in these countries in 2024 remains in line with the previous year, showing a slight decline. This decrease is down to the extraordinary contribution made in Germany in 2023 due to a sizeable dividend payment subject to withholding tax. Highlights in 2024 included an increase in corporate income tax in Portugal, following an uptick in business in that country.

With regard to Value Added Tax:

- In Germany there was an increase due to the activities carried out there.
- In Australia the contribution was higher due to increased net sales and lower rebates received during the year in respect of goods and services tax (GST).
- In France, the amount of VAT collected was up on the previous period, largely due to lower rebates received following completion of construction on the Ailes Marines offshore wind farm.

■ Country-by-country report – OECD

The other countries where Iberdrola is present account for less than 7% of the Group's total revenues and 5% of its total profits. Among the other countries in which Iberdrola operates, the jurisdiction with the highest contribution to revenues and profit is Portugal, with 2.5% and 1.5% respectively, followed by Germany, with 1% and 1.5% respectively.

The following sections analyse the countries in the international perimeter that contribute relevant data to table T1 of the Country-by-Country Report. Full information for all countries can be found at the beginning of this section.

Overall, the main differences with respect to the nominal rates are due to the effects of the adjustment of deferred taxes recognised under IFRS arising from the local tax regime applicable as of 2023 to certain local entities in Germany; the accounting criteria for the capitalisation of tax loss carryforwards and their subsequent utilisation; surcharges and taxes similar to income tax in jurisdictions such as Portugal and Hungary; and the exemption on income arising from the transfer of equity securities of entities, such as the operating subsidiary in Romania.

Analysis of deviation between nominal and effective rates

Country	ETR (Total)	ETR (Cash)	Nominal rate
Germany	17%	-	31.9%
Australia	26%	0%	30%
Qatar	-	-	10%
France	29%	21%	25.8%
Greece	23%	19%	22%
Hungary	18%	15%	9%
Italy	-	-	28.8%
Netherlands	26%	-	25.8%
Poland	-	-	19%
Portugal	31%	83%	30.7%

At the end of this section, the TRIs are analysed one by one in accordance with the self-assessment methodology recommended by the OECD Guidelines. The main TRIs analysed for Spain are as follows:



Germany

Revenue
€807 M

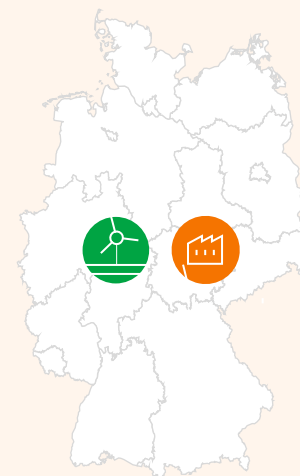
Profit (loss)
€136 M

TTC
€118 M

Employees
196

Nominal rate
31.9%

Effective rate
17%



Significant legal entities

Iberdrola Renovables
Deutschland, GmbH.

Wikinger Offshore Deutschland,
GmbH & Co KG

Windanker, GmbH.

Iberdrola Energie
Deutschland, GmbH.

Baltic Eagle, GmbH.

Business activities

Iberdrola's main businesses in Germany are the Renewables and Customers businesses.

Iberdrola's presence in Germany began in 2001 and was consolidated in 2017 following the entry into operation of the Wikinger offshore wind farm, with an installed capacity of 350 MW. It was subsequently joined by Baltic Eagle, with an installed capacity of 476 MW, and Windanker, with 300 MW.

It also offers industrial and commercial customers alike tailor-made solutions for the supply of green energy, from classic electricity supply to long-term PPAs (power purchase agreements), as well as integrated cross-technology solutions, such as battery storage or the production of green hydrogen for industrial use.

Country-by-country report – OECD

Germany contributed 1% of revenues and 1.5% of profit and accounted for 0.5% of the Group's total workforce. Revenues from related party transactions accounted for 38% of total revenues, 63% of which came from domestic transactions.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	501	306	807	136	-25	25	37	196
2023	665	435	1,100	203	64	38	29	182

Australia

Revenue
€523 M

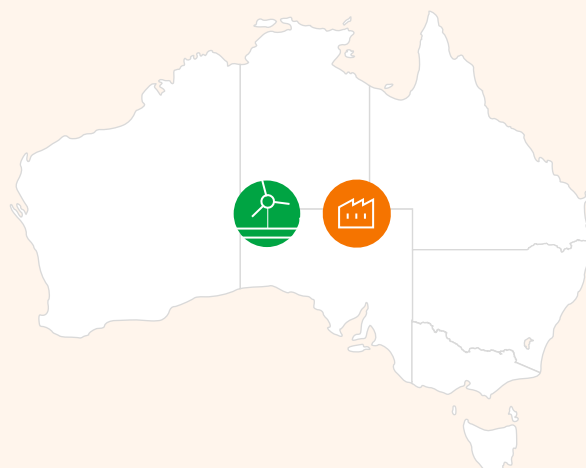
Profit (loss)
€31 M

TTC
€25 M

Employees
240

Nominal rate
30%

Effective rate
26%



Significant legal entities

Iberdrola Australia, Ltd.	Iberdrola Renewables Australia PTY, Ltd.	PAREP 1 PTY, Ltd.
Iberdrola Australia Smart Energy Solutions PTY, Ltd	Iberdrola Australia Development Holdings PTY, Ltd.	Smithfield Power Generation PTY, Ltd.
Lake Bonney Wind Power PTY, Ltd.	Iberdrola Australia Energy Markets PTY, Ltd.	

Business activities

Iberdrola's activity in Australia began in 2020, following a takeover bid for Australian renewables operator Infigen Energy. The Group's consolidation in Australia came with the acquisition of Autonomous Energy, a leading Australian engineering and construction company offering a wide range of green energy solutions. Iberdrola's main activity in Australia is the renewable business. The company, through Iberdrola Renewables Australia, has one of the largest renewable energy parks in the country, located in the states of New South Wales, South Australia and Queensland.

Country-by-country report – OECD

Australia contributed 0.64% of total revenue and 0.33% of total profit and accounted for 0.57% of the Group's workforce. Virtually all of its revenues come from independent third parties, with the weight of revenues from related-party transactions being very small (4%). All income from related-party transactions arises from international transactions.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	502	21	523	31	0	8	0	240
2023	381	-	381	1	0	-7	0	237

Qatar

Revenue
€5 M

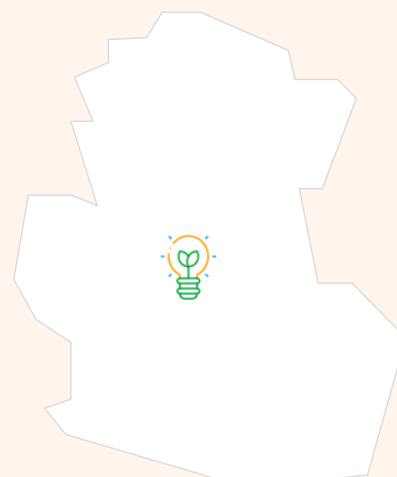
Profit (loss)
€-1 M

TTC
-

Employees
36

Nominal rate
10%

Effective rate
n/a



▪ Significant legal entities

Iberdrola QSTP, LLC

▪ Business activities

Iberdrola QSTP, located at the Qatar Science and Technology Park, was launched in January 2016 to address the practical technological challenges posed by the digitalisation of the energy system. It is primarily engaged in research and development activities. The R&D company develops innovative digital solutions for Iberdrola's three key business lines (i.e. Networks, Renewables and Customers) at the intersection of energy and digital technology. In going about its activities, it has cooperation agreements and arrangements with the Qatari innovation ecosystem, having signed co-development agreements with the Qatar National Research Fund and several universities.

Thanks to its expertise in the realms of electrical and electronic engineering, software development, big data, machine learning and artificial intelligence, the centre is on the look-out for new solutions.

▪ Country-by-country report – OECD

Qatar contributes 0.01% of the Group's total revenues and accounts for 0.09% of its total workforce. All of its income is derived from transactions with independent third parties. It posted a loss in 2024.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	5	0	5	-1	0	0	0	36
2023	5	0	5	-1	0	0	0	33

France

Revenue
€365 M

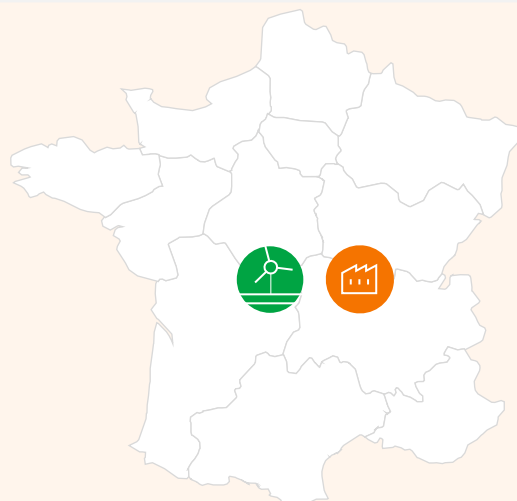
Profit (loss)
€79 M

TTC
-

Employees
150

Nominal rate
25.8%

Effective rate
29%



Significant legal entities

Iberdrola France, S.A.S.

Iberdrola Energie France, S.A.S.

Ailes Marine, S.A.S.

Iberdrola Renouvelables,
S.A.S.

Business activities

In France, Iberdrola has carved out a position as one of the main electricity operators operating in the market, a benchmark in onshore wind energy production and a leader in offshore wind development thanks to Saint-Brieuc, the country's second large-scale offshore facility.

Country-by-country report – OECD

France contributed 0.45% of revenues and 0.83% of profit and accounted for 0.36% of the Group's total workforce. Virtually all of its revenues come from independent third parties, with revenues from related-party transactions accounting for 10% of the total. Almost all of the income from related-party transactions comes from domestic transactions.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	328	37	365	79	16	23	14	150
2023	105	90	195	-13	0	-3	7	153

Greece

Revenue
€84 M

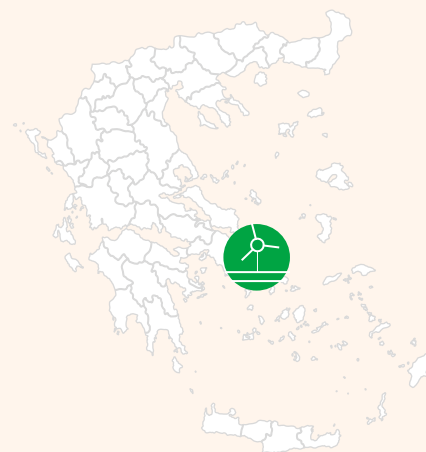
Profit (loss)
€45 M

TTC
€16 M

Employees
112

Nominal rate
22%

Effective rate
23%



Significant legal entities

C. Rokas Industrial Commercial Company, S.A.	PPC Renewables Rokas, S.A.	Rokas Construction, S.A.
Rokas Hydroelectric, S.A.	Rokas Aeoliki Thraki III, S.A.	Aeliared Energy Aetolias Single Member S.A.

Business activities

The Rokas subgroup has been a pioneer in the development of wind energy in Greece, with its business focused on renewable energies since the 1990s. Sustainable growth has always been at the heart of the corporate values and drive of Rokas Renewables.

Rokas Renewables currently operates 24 wind farms and four photovoltaic farms, with a total installed capacity of 441.2 MW and located across all of Greece (in the regions of Central Greece, Crete, Thrace, Western Macedonia, Thessaly, the Peloponnese and the Dodecanese) and Cyprus (Agia Anna).

Country-by-country report – OECD

Greece contributed 0.1% of revenues and 0.47% of profit and accounted for 0.27% of the Group's total workforce. All of its income derives from transactions with independent third parties.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	84	0	84	45	9	10	11	112
2023	68	0	68	33	8	8	8	111

Hungary

Revenue
€40 M

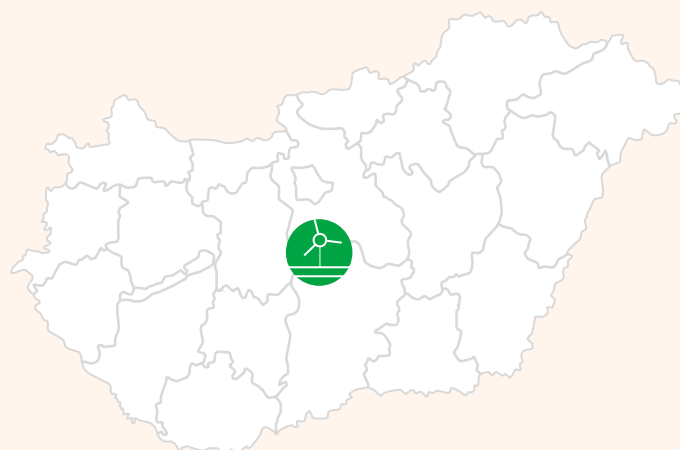
Profit (loss)
€27 M

TTC
€15 M

Employees
10

Nominal rate
9%

Effective rate
18%



▪ Significant legal entities

Iberdrola Renovables Magyarország, Kft.

▪ Business activities

Iberdrola was established in Hungary in 2008. Its core business is the development, construction and operation of wind farms. It has a total wind power capacity in excess of 158 MWh, making it the leader company in Hungary when it comes to wind power production.

▪ Country-by-country report – OECD

Hungary contributed 0.05% of revenues and 0.29% of profit and accounted for 0.02% of the Group's total workforce, in line with the figures for 2023. Virtually all of its revenues come from independent third parties, with revenues from related-party transactions accounting for 6% of the total. All income from related-party transactions arises from international transactions.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	38	2	40	27	4	5	5	10
2023	33	8	41	28	3	3	4	10

Italy

Revenue
€595 M

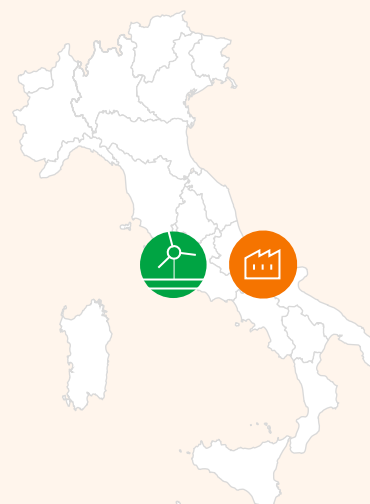
Profit (loss)
€-15 M

TTC
€62 M

Employees
107

Nominal rate
28.8%

Effective rate
n/a



Significant legal entities

Iberdrola Renovables Italia,
S.p.A.

Iberdrola Clienti Italia, S.R.L.

Green Frogs Montalto, S.R.L.

Green Frogs Tarquinia,
S.R.L.

Business activities

Iberdrola's main activity in Italy is the generation of electricity from renewable sources. In 2022 Iberdrola commissioned its first 23 MW PV plant in Montalto di Castro, Lazio. In the same region, the company completed its second 7 MW solar plant in Montefiascone in 2023 and began construction of another 32 MW solar plant in Tarquinia.

Iberdrola also carries out commercial activities in Italy through Iberdrola Clienti Italia.

Country-by-country report – OECD

Italy contributed 0.73% of revenues and accounted for 0.25% of the Group's total workforce. Revenues from related-party transactions accounted for 38% of total revenues, virtually all of which came from domestic transactions (97%).

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	369	226	595	-15	1	-10	0	107
2023	517	358	874	-17	0	-5	0	115

Netherlands

Revenue
€414 M

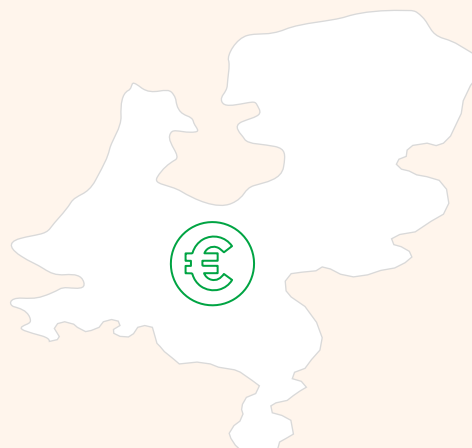
Profit (loss)
€-0.343 M

TTC
-

Employees
107

Nominal rate
25.8%

Effective rate
n/a



▪ Significant legal entities

Iberdrola International, B.V.

▪ Business activities

Iberdrola International, B.V. is engaged in raising funds in the international capital markets by issuing debentures and bonds for subsequent lending to the parent company and to other subsidiaries that carry out financing activities.

▪ Country-by-country report – OECD

The Netherlands contributed 0.51% of the Group's total revenues, with all of its revenues coming from related-party transactions as the local company's activity is the raising of financing from third parties, which is then lent to the Group.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	0	414	414	0	0	0	0	0
2023	0	358	358	0	-12	-19	-19	0

Poland

Revenue
€56 M

Profit (loss)
€-0.043 M

TTC
€10 M

Employees
39

Nominal rate
19%

Effective rate
n/a



Significant legal entities

Iberdrola Renewables Polska, Z.O.O.	Wind Field Korytnica, SP Z.O.O.	Passat Energy, SP Z.O.O.
Southern Windfarm, SP Z.O.O.	Pon-Therm Farma Wolka Dobrynska, SP Z.O.O.	Monsoon Energy, SP Z.O.O.

Business activities

Iberdrola's activity in Poland involves the development, construction and operation of wind farms. Iberdrola currently owns five onshore wind farms in Poland, with a total capacity of 212.8 MW, namely Podlasek, Korytnica I, Korytnica II, Wilka Dobrynska and Zopowy.

Country-by-country report – OECD

Poland contributed 0.07% of revenues and accounted for 0.09% of the Group's total workforce. Virtually all of its revenues come from independent third parties, with revenues from related-party transactions accounting for 4% of the total. Of the total revenue from related-party transactions, 50% comes from domestic transactions.

€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	54	2	56	0	2	2	1	39
2023	54	5	58	-4	3	5	4	39

Portugal

Revenue
€2,056 M

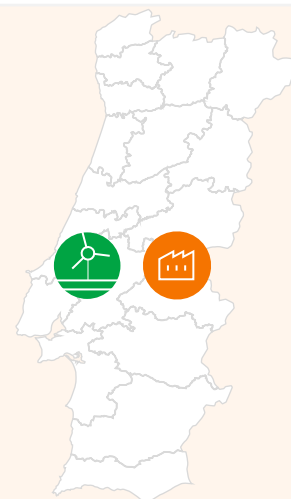
Profit (loss)
€149 M

TTC
€349 M

Employees
238

Nominal rate
30.7%

Effective rate
31%



Significant legal entities

Iberdrola Clientes Portugal,
Unipessoal Ltda.

Iberdrola Renewables Portugal,
S.A.

Eonergi Energia Eolica, S.A.

P.E. da Serra do Alvao, S.A.

Iberdrola Suporte Projecto
Tamega, Unipessoal Ltda.

Business activities

Iberdrola set up its subsidiary in Portugal in 2004 with the aim of carrying out its activities mainly in the Renewables and Customer businesses.

In July 2022 the company commissioned one of its most emblematic projects in the country: the Tâmega Gigabattery. This is a huge hydroelectric storage project through three power plants (Gouvães, Daivões and Alto Tâmega) built on the Tâmega river, a tributary of the Douro located in the north of Portugal, near Oporto. The three facilities will have a total installed capacity of 1,158 MW, enough to store the energy consumed by 11 million people for 24 hours in their homes.

Country-by-country report – OECD











Portugal contributed 2.52% of revenues and 1.58% of profits and accounted for 0.56% of the Group's total workforce. Revenues from related-party transactions accounted for 45% of total revenues, virtually all of which came from domestic transactions (80%).




€ million Year	Revenue			Pre-tax profit	CIT Paid	Total CIT accrued	Current CIT accrued	Number of employees
	Third parties	Related	Total					
2024	1,142	914	2,056	149	123	47	46	238
2023	758	904	1,662	223	17	65	68	189

Self-assessment of the Iberdrola Group's country-by-country report according to OECD criteria

Evaluation indicators ("TRI") and relevant aspects for the interpretation of the data under the sector and activity of the Iberdrola Group.

OCDE STEP	DEFINITION	INTERPRETATIVE CRITERIA FOR THE IBERDROLA GROUP
TRI1	The footprint of a group in a particular jurisdiction	The Iberdrola Group's core countries are Spain, the United Kingdom, the United States, Brazil and Mexico. The other countries where Iberdrola is present account for less than 7% of the group's total revenues and 5% of its total profits. However, for the purposes of this self-assessment analysis, all jurisdictions shown in Table 1 of the country-by-country report have been considered.
TRI2	A group's activities in a jurisdiction are limited to those that pose less risk	Each line of business (generation, transmission/distribution and retail supply of energy) assumes its own operational and financial risks, which may vary from one country to another, depending on the characteristics of the market itself.
TRI3	There is a high value or high proportion of related-party revenues in a particular jurisdiction	In accordance with the methodology described for the country-by-country report, the "related-party revenues" figure recorded by each jurisdiction is an aggregate of all individual companies and therefore shows amounts derived from domestic transactions. Consequently, to assess this risk factor it is important to identify those jurisdictions with transnational "related-party revenues", which are predominantly Spain and the United Kingdom.
TRI4	Results in a jurisdiction deviate from potential comparables	-
TRI5	Results in a jurisdiction do not reflect market trends	Iberdrola is exposed to variations in energy prices that will affect it, depending on the generation capacity, the committed volume, the volume for which it must tap the wholesale market, etc. Therefore, except in exceptional market situations (e.g. 2022), it is hard to establish financial trends through macro-jurisdictional figures where the results of different businesses are jumbled together.
TRI6	There are jurisdictions with significant profits but little substantial activity	-

OCDE STEP	DEFINITION	INTERPRETATIVE CRITERIA FOR THE IBERDROLA GROUP
	There are jurisdictions with significant profits but low levels of tax accrued	-
	There are jurisdictions with significant activities but low levels of profit (or losses)	It is important to consider the degree of maturity of the activity in the country. For instance, those countries where renewable farms are being developed that have not yet reached the COD phase will inevitably post losses on the investment made without showing any revenues until they come into operation.
	A group has activities in jurisdictions posing a BEPS risk	Iberdrola embraces as good practice the prohibition of incorporating or acquiring companies in non-cooperative jurisdictions or tax havens under the terms described above.
	A group has mobile activities located in jurisdictions where the group pays a lower rate or level of tax	-
	There have been changes in a group's structure, including the location of assets	Due to the nature of the business, where energy is supplied in the same country where it is generated, there are no situations involving relocation of assets. The most common transactions are investment/disinvestment of projects with third parties.
	Intellectual property (IP) is separated from related activities within a group	-
	A group has marketing entities located in jurisdictions outside its key markets	Due to very nature of the energy business, electricity is typically sold in the country where it is generated. Therefore, supply activities within the Iberdrola Group carry a limited risk within the supply chain as they are usually domestic purchase and sale transactions.
	A group has procurement entities located in jurisdictions outside its key manufacturing locations	This risk indicator is not relevant within the Iberdrola group with respect to its core business of generation and sale of energy in the markets, due to the obvious constraints affecting international electricity transmission. However, this risk indicator will be measured from the standpoint of centralised procurement activity (e.g. for assets needed to construct farms).
	Income tax paid is consistently lower than income tax accrued	-
	A group includes dual resident entities	-







OCDE STEP	DEFINITION	INTERPRETATIVE CRITERIA FOR THE IBERDROLA GROUP
	A group includes entities with no tax residence	-
	A group discloses stateless revenues in Table 1	-
	Information in a group's CbC Report does not correspond with information previously provided by a constituent entity	-






The methodology for defining the indicative levels of analysis for each TRI is based on the parameters consistently applied by an independent third party in the analysis of country-by-country reports for various companies. The criteria followed for the identification and analysis of each TRI/Country are as follows:

Definition of assessment indicators










TRI1	Jurisdictions whose revenue contribution to the group's total revenue is above the median
TRI2	Jurisdictions where low-risk activities with PBT below group average or loss-making are undertaken
TRI3	Jurisdictions with more than 50% of revenue from related sources and whose value is above the median of the group as a whole
TRI4	N/A
TRI5	N/A
TRI6	Weighting of numerous ratios that measure economic activity through employees, capital, profits, etc.
TRI7	Differences between the effective (total) rate and the nominal rate of more than 20%
TRI8	Jurisdictions whose PBT/Revenue ratio is lower than the lowest quartile of the Iberdrola Group's jurisdictions as a whole
TRI9	Jurisdictions classified as non-cooperative according to the EU list
TRI10	Jurisdictions where mobile activities (purchasing, financing, etc.) take place and where the effective (total) rate is less than 15%
TRI11	Jurisdictions presenting significant differences (more than 30%) with respect to the previous year in various ratios
TRI12	N/A
TRI13	Jurisdictions with sales activities whose total revenues account for less than 10% of the Iberdrola Group's total revenues
TRI14	Jurisdictions where purchasing or procurement activities are located but where no electricity generation operations are undertaken
TRI15	Jurisdictions where the difference between the sum of current accrued taxes and taxes paid for the year presented and the previous year is greater than or equal to 50%
TRI16	Whether the jurisdiction of residence is different from the jurisdiction of incorporation of the company
TRI17	Jurisdictions where there is an entity with no tax residence
TRI18	Where income not attributed to any jurisdiction is recorded
TRI19	N/A





Based on the above and following the TRIs contained in chapter 4 of the “Handbook on Effective Tax Risk Assessment” published by the OECD in September 2017, the following conclusions can be drawn:

OCDE STEP	DEFINITION	ANALYSIS OF THE TRIs
	The footprint of a group in a particular jurisdiction	The OECD report considers that a group’s activity in a given jurisdiction can be used as an initial filter for conducting risk analysis. The relevant jurisdictions for the purposes of this analysis are the core countries mentioned above, along with Australia, Germany, Italy and Portugal.
	A group’s activities in a jurisdiction are limited to those that pose less risk	The Group carries out a variety of activities in the jurisdictions in which it operates, and in none of these jurisdictions does it limit its activities to those that might pose a lower tax risk.
	There is a high value or high proportion of related-party revenues in a particular jurisdiction	<p>According to the OECD document, when an entity receives a significant amount of ordinary revenue from related parties, this increases the possibility that an error in the transfer pricing applied may result in a “significant tax difference” or that other BEPS risks exist..</p> <p> The Netherlands has a significant ratio of related-party revenues to total revenues due to the activity (through a single entity) of providing financial support services, which enables the Iberdrola Group to obtain a portion of the financing that the Group raises from third parties, which is subsequently lent to the Group.</p> <p>The Dutch company qualifies as a service provider based on the functions performed, the assets employed and the risks assumed in carrying out the related party transaction, and a mark-up is assigned to it on the total costs incurred in providing the services. As a result, there is a high volume of intra-group transactions (revenues), but limited profit due to its functional characterisation as a service provider..</p> <p> In Luxembourg, the company Iberdrola Re, S.A. is engaged in the reinsurance business. Iberdrola RE, S.A. is a captive reinsurance undertaking, subject to the laws of that country as regards its incorporation, authorisation and supervision. From a tax standpoint, the taxable base for local corporate income tax in recent years is practically zero, due to the application of the accounting, tax and regulatory rules specific to the entity’s activity (allocation of the technical and financial result to the equalisation provision).</p> <p> In Spain, the parent company’s jurisdiction, there is a high volume of related-party revenues due to: (i) the degree of maturity of the market; (ii) the vertical integration of the Businesses; and (ii) the existence of centralised corporate activities carried out for the benefit of the group’s subsidiaries.</p>

OCDE STEP	DEFINITION	ANALYSIS OF THE TRIs
		<p>The OECD handbook notes that where the amount of intra-group income in a foreign jurisdiction or the proportion of total income that is generated from related parties is high, the tax authority may look at other factors, such as whether there are substantial activities in the foreign jurisdiction, the nature of those activities and the effective tax rate.</p> <p>In the other cases (e.g. Ireland, Vietnam, etc.), with related-party revenues, these are jurisdictions with a very low volume of business activity and are therefore not flagged as risk jurisdictions.</p>
	<p>Results in a jurisdiction deviate from potential comparables</p>	<p>In accordance with the OECD handbook, the ratios of the Group's business in a jurisdiction can be compared with those of other jurisdictions, with those of the Group as a whole, with those of potentially comparable entities outside the Group, or with industry averages. Due to the specific characteristics of the sector in which the Group operates, it has not been possible to draw establish relevant comparisons between jurisdictions.</p>
	<p>Results in a jurisdiction do not reflect market trends</p>	<p>According to the OECD handbook, changes in the Group's performance can usually be expected to reflect market trends. If not, this could suggest that the Group's results in a particular jurisdiction are being affected by BEPS activities and do not simply arise from the Group's own activity in the jurisdiction.</p> <p>Nor has any relevant element been observed in relation to this variable, nor has it been observed that, due to the sector in which the Group operates, any distorting element could arise.</p>
	<p>There are jurisdictions with significant profits but little substantial activity</p>	<p>Mexico is the only jurisdiction that needs to be analysed in more detail due to the ratios considered. The ratios weighted by the calculation tool under this indicator are referenced to revenue or PBT. Mexico's results in 2024 are heavily influenced by the extraordinary income recognised from the sale of the combined cycle business. It is predominantly for this extraordinary reason that Mexico appears under this indicator, as it is a core country of the Iberdrola group with a significant structure and substance within a mature business.</p>
	<p>There are jurisdictions with significant profits but low levels of tax accrued</p>	<p>This indicator measures the deviation of the effective rates from the nominal rates in each jurisdiction. The Iberdrola Group's core countries have already been analysed earlier. There now follows a brief explanation of the remaining countries that present a deviation in the ratio and that have not been analysed before:</p> <ul style="list-style-type: none">  Latvia: has an effective tax rate of 65%, due to the fact that corporate income tax accrues at the time earnings are paid out. In this case, the distribution of earnings charged to the previous year was made in 2024. Therefore, the tax of €1,468k recorded in 2024 relates to the distribution of 2023 earnings (€5,872k).

OCDE STEP	DEFINITION	ANALYSIS OF THE TRIs
		<p>Several jurisdictions show losses under this indicator. As mentioned above, it is our understanding that in jurisdictions where losses are generated, it makes no economic sense to conduct an effective tax rate analysis (e.g. Canada, Italy, Japan, Norway, Poland and South Africa).</p>
<div style="border: 1px solid black; border-radius: 10px; padding: 5px; display: inline-block;">TRI8</div>	<p>There are jurisdictions with significant activities but low levels of profit (or losses)</p>	<p>According to the OECD handbook, where an established entity has a persistently low (or negative) profit before tax that cannot be readily explained, the tax authority in that jurisdiction may flag this for further enquiry to ensure there is no BEPS reason. According to the handbook, this can be determined when a jurisdiction exhibits a number of the following characteristics:</p> <ul style="list-style-type: none"> • The jurisdiction includes entities engaged in profit-generating activities • High proportion of non-related-party revenues • High cost base • The effective tax rate is not low • This is not the result of start-up losses or recent expansion within the jurisdiction <p>There are no conditions to suggest a risk in any of the jurisdictions identified under this indicator (Canada, Ireland, Japan, Korea, Morocco, Norway, South Africa, Taiwan and Vietnam).</p>
<div style="border: 1px solid black; border-radius: 10px; padding: 5px; display: inline-block;">TRI9</div>	<p>A group has activities in jurisdictions posing a BEPS risk</p>	<p>The Iberdrola Group does not operate in jurisdictions that may pose a BEPS risk (the handbook cites as examples jurisdictions with a low or zero level of corporate tax, or those with tax rules and treaty policies which facilitate the use of entities as conduits).</p>
<div style="border: 1px solid black; border-radius: 10px; padding: 5px; display: inline-block;">TRI10</div>	<p>A group has mobile activities located in jurisdictions where the group pays a lower rate or level of tax</p>	<p>The Iberdrola Group carries out, in the following jurisdictions, the following activities that could be characterised as mobile:</p> <ul style="list-style-type: none"> • Intragroup financing: Spain and the Netherlands • Insurance: Luxembourg <p>These jurisdictions have been analysed earlier in this report. Moreover, all the country subholding companies (and some international perimeter entities with a relevant substance such as Australia) carry out their own R&D functions, as well as certain purchasing or financing functions. However, none of them has a low level of taxation.</p> <p>Qatar is included as a jurisdiction to be analysed under this indicator due to its R&D activity, with various initiatives under way and partnerships forged with local organisations that are carried out by the 36-person local team of this entity. As it is a loss-making entity, a ratio to be reviewed under this indicator is shown without revealing any appreciable risk.</p>

OCDE STEP	DEFINITION	ANALYSIS OF THE TRIs
	There have been changes in a group's structure, including the location of assets	There were no changes in the Group's structure affecting the transnational location of assets during financial year 2024.
	Intellectual property (IP) is separated from related activities within a group	This factor does not apply to the Iberdrola Group. The Iberdrola brand (and indeed the Group's other brands: Avangrid in the United States, Neoenergia in Brazil and Scottish Power in the United Kingdom) is located in jurisdictions that are connected to their respective activities.
	A group has marketing entities located in jurisdictions outside its key markets	<p>Electricity is typically sold in the country where it is generated. Therefore, supply activities within the Iberdrola Group carry a limited risk within the supply chain as they are usually domestic purchase and sale transactions. Consequently, this indicator does not represent a high risk factor for the Iberdrola Group.</p> <p>However, it should be noted that Iberdrola Energía España is registered as an agent in the main organised wholesale markets of Europe and has framework contracts signed with the main European market players for wholesale supply. Therefore, in certain European countries, Iberdrola Energía España acts as the representative entity through the system operator and the market operator and provides the market access service to generating and retail supply entities.</p> <p>Lastly, the retail supply companies may sometimes post low profits or even losses from carrying out their own commercial activity through a strategy of penetrating new markets and making commercial efforts to attract new customers.</p>
	A group has procurement entities located in jurisdictions outside its key manufacturing locations	The Iberdrola Group's procurement management service is centralised in various jurisdictions, including Spain, the United Kingdom, the United States, Mexico, and Brazil. However, in line with the OECD's comments, no tax risk would be discernible given that these purchasing centres coincide exactly with the jurisdictions that make the biggest contributions to the Group's overall revenues and operating profits.
	Income tax paid is consistently lower than income tax accrued	<p>According to the OECD handbook, when the level of taxes paid in a jurisdiction is materially and continuously lower than the level of taxes accrued, this may be an indicator of potential tax risk. The jurisdictions that show the largest differences in this respect are:</p> <ul style="list-style-type: none">  Germany: the distortion is due to the fact that various rebates of withholding taxes and payments on account for 2023 were received in 2024.  Netherlands: recovery of excess CIT paid over the period 2012 to 2017 following the settlement of the amicable procedure between Spain and the Netherlands under Convention 90/436/EEC..  Japan: the distortion is largely a product of the Enterprise Tax rebate received in 2023.  Mexico: the distortion is mainly due to the sale of combined cycle plants.

OCDE STEP	DEFINITION	ANALYSIS OF THE TRIs
	A group includes dual resident entities	The Iberdrola Group does not have any entities with dual residency. The jurisdiction of incorporation of each entity and that of its tax residence always coincide, except in the case of Iberdrola Finance Ireland DAC, a company incorporated in Ireland but resident for tax purposes in Bizkaia, Spain.
	A group includes entities with no tax residence	The Iberdrola Group does not have any entities that do not have tax residence in any jurisdiction.
	A group discloses stateless revenues in Table 1	This is not the case with the Iberdrola Group.
	Information in a group's CbC Report does not correspond with information previously provided by a constituent entity	This circumstance does not arise in the case of the Iberdrola Group.



Imagine, innovate, create, build, make it a reality and ... continue.

Continue, to keep growing.

Building new pathways has made us the outstanding innovative electricity utility in the world. A sustainable company with differential **growth**, because our activity represents a positive legacy for society and for the planet: growing based on an energy model that protects nature, creates shareholder value and generates progress and well-being for society, improving the present and the future of current generations and those to come. **This is the pathway along which we will keep growing.**

Keep growing, keep building a better world.