



Annual Report on Remuneration of Directors and Officers

Year 2024

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This Annual Report on Remuneration of Directors and Officers 2024 has a **version** that has been designed to be **fully accessible**, ensuring that everyone without exception can access its content regardless of their abilities, their age or the technology used. Various measures have been implemented, including the use of a clear and legible format, the inclusion of alternative descriptions for images and charts, and, in the digital version, compatibility with assistive technologies.

Iberdrola's commitment is to ensure that **all users can understand and use the information**.



Issuer identification details

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Company name: IBERDROLA, S.A.

Registered office: Plaza Euskadi número 5, 48009 Bilbao (Biscay), Spain

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

This report has been prepared in free-format design, in accordance with the regulatory approval set out Circular 3/2021 of 28 September of the National Securities Market Commission, although its content respects the minimum content established in the aforementioned regulations and is accompanied by the standard statistical appendix established therein, in sub-section B.4 and section C, providing (in accordance with the principle of transparency established in the Director Remuneration Policy) clear and adequate information as much in advance as required and in line with the good governance recommendations generally recognised in international markets in the area of director remuneration.

At its meeting held on 25 February 2025, the Board of Directors of Iberdrola approved this Report upon a proposal of the Remuneration Committee, which Report will be submitted to the consultative vote of the shareholders at the next General Shareholders’ Meeting as a separate item on the agenda in compliance with the provisions of Section 541.4 of the Companies Act (Ley de Sociedades de Capital).



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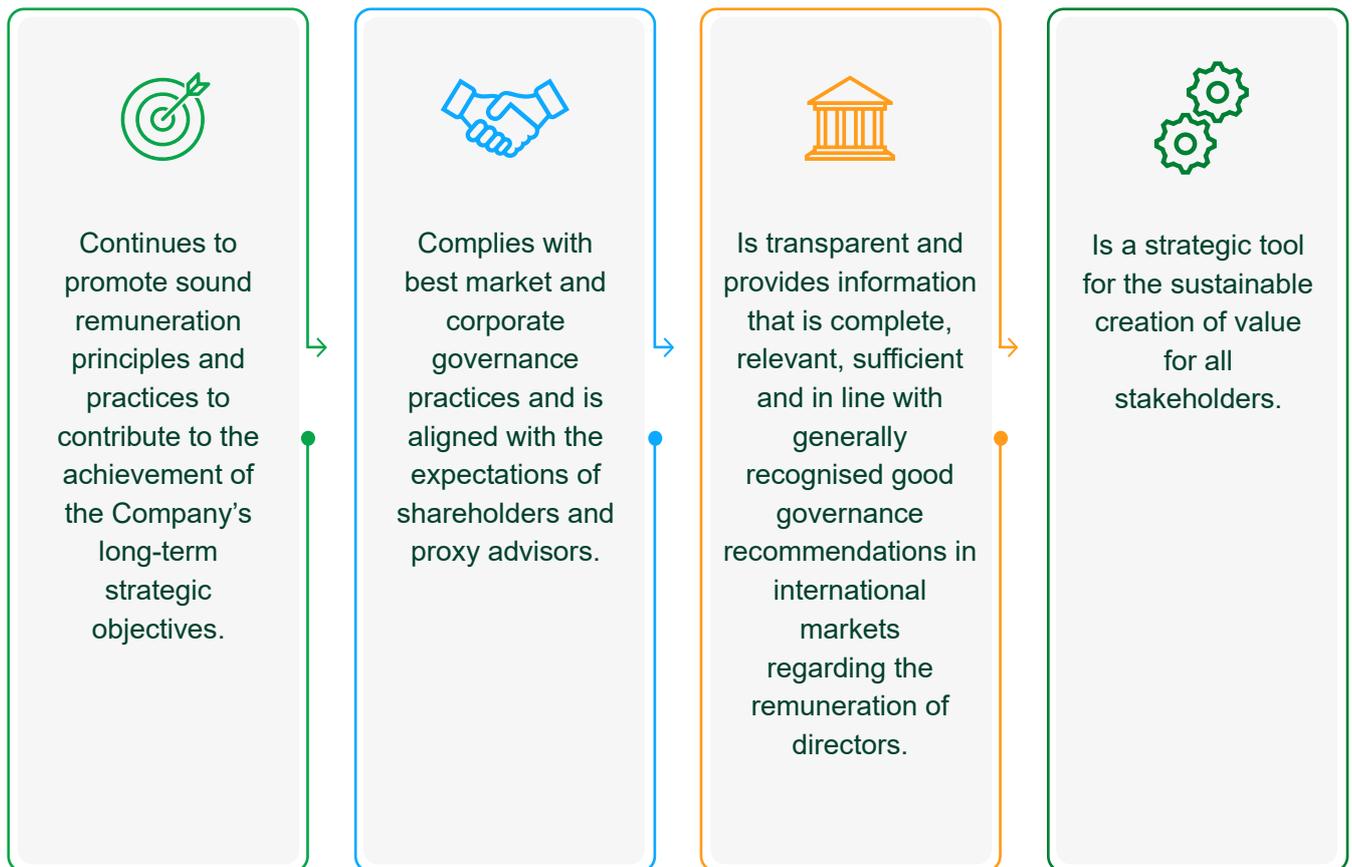


The references included in this Annual Report on Remuneration of Directors and Officers 2024 are available at the following links:

Reference	Link
Contribution of value: social dividend	 See attached document
Capital Markets Day - March 2024 (London)	 See attached document
Code of Ethics	 See attached document
By-Laws	 See attached document
Annual Corporate Governance Report 2024 <i>(including comprehensive reports on the annual work of the Board of Directors and the Committees thereof)</i>	 See attached document
Strategic Plan 2023-2025: Strategic objectives	 Go to website
Strategic Plan 2024-2026: Strategic objectives	 Go to website
Stakeholder Engagement Policy	 See attached document
Director Remuneration Policy	 See attached document
Purpose and Values of the Iberdrola Group	 See attached document
Regulations of the Board of Directors	 See attached document
Regulations of the Remuneration Committee	 See attached document
Governance and Sustainability System	 See attached document

Executive summary

In 2024, the Remuneration Committee reviewed the **Director Remuneration Policy** of Iberdrola applicable to the remuneration of directors and officers (hereinafter, the “**Policy**” or the “**Remuneration Policy**”) for financial year 2024, which was approved by **95.64%** of the votes at the **General Shareholders' Meeting of 17 May 2024**, and concluded that the Policy:



In view of the above, the Remuneration Committee **proposes to maintain the Director Remuneration Policy that was approved by the shareholders at the General Shareholders' Meeting held on 17 May 2024.**

The Remuneration Committee continues to monitor and periodically review the Policy to ensure that it remains in line with the expectations of its shareholders and proxy advisors and with best market and corporate governance practices.



Key remuneration decisions

The following is a summary of the key decisions regarding the remuneration of directors and officers within a context of the **continued upward trend** in Iberdrola's **results** (financial, operational and sustainability) - a record in 2024 - and of **total shareholder return**, which allow it to strengthen its leadership in the energy sector at the global level.

For directors in their capacity as such

- **Fixed remuneration and attendance fees:** for 2025, it is proposed to **maintain unchanged** the amounts of both **fixed remuneration** for membership on the Board of Directors and the committees thereof and the **attendance fees for attendance** at meetings of the Board of Directors and the committees thereof, which were approved by the shareholders at the General Shareholders' Meeting held 17 May 2024.
- **Shareholding commitment:** a **shareholding policy** (permanent commitment to hold shares) established in the Policy of holding **an amount equal to 20% of annual fixed remuneration** per year in office for a **cumulative period of four years** was implemented in 2024 and maintained in 2025.

For officers

The Remuneration Committee, under the prudential principle, has concluded that the **maximum total officer remuneration opportunity and the remuneration mix continue to be appropriate**.

For the executive chairman and the chief executive officer, the Remuneration Committee has established:

- **Fixed remuneration:** no increase in fixed remuneration is proposed for 2025, which has **remained unchanged** for the executive chairman since 2008 and for the CEO since his appointment in 2022.
- In addition, it should be noted that there is no **pension commitment** for the executive chairman.
- **Short-term variable remuneration (annual bonus):** **no increase in the ceiling** for short-term variable remuneration (also called annual variable remuneration) is proposed for 2025.

In the case of the executive chairman, it is proposed to maintain the maximum limit of the annual variable remuneration at 144% of the annual fixed remuneration, which is lower than the established maximum limit. For the chief executive officer, it is proposed to maintain the maximum limit of annual variable remuneration at 150% of annual fixed remuneration.

Short-term variable remuneration will continue to be subject to the achievement of clear objectives aligned with the achievement of the Company's strategy. In the case of the chief executive officer, **the weighting of financial performance objectives for short-term variable remuneration has been increased from 70% to 75%** for 2025.

- **Long-term variable remuneration in shares (strategic bonus):** the latest award was approved at the **General Shareholders' Meeting on 28 April 2023, with 92% support**. These share plans **are awarded**



every three years, rather than annually, and require the achievement of pre-disclosed (*ex ante*) objectives that are fully aligned with the strategic plan.

- **Shareholding policy:** they may not transfer ownership of the shares received for a period of **four years** unless they hold an amount equivalent to at least twice their fixed remuneration.
- **Malus and clawback clauses:** appropriate mechanisms are established to enable the Company to cancel (*malus* clause) or obtain reimbursement (clawback clause) of the variable components of remuneration (both short and long term).

Continuously monitoring our remuneration practices to ensure that they are in line with expectations

The Remuneration Committee, as part of the continuous improvement plan (action plan), has engaged in the following activities, which are reflected in this Annual Report on Remuneration of Directors and Officers 2024 (hereinafter, the “Report”), specifically seeking quality, clarity, consistency and completeness of the information:

1. Benchmarking of total remuneration

Analysis. During financial year 2024 and for 2025, the Remuneration Committee, with the advice of an independent external party, carries out benchmark analyses of the total remuneration of the directors in their capacity as such, of the executive chairman, and of the chief executive officer. The total remuneration of the executive chairman and chief executive officer takes into account the variations that may occur as a result of the changes in the share price.

Action. The Remuneration Committee has evaluated:

- Competitiveness to ensure that the dedication and responsibility undertaken to maximise the sustainable creation of value over the long term and commitment to the Company's *Purpose and Values* is adequately rewarded, **concluding that no increase is necessary for 2025** for directors in their capacity as such, the executive chairman or the chief executive officer.
- In the case of directors in their capacity as such, the positioning of their total remuneration is in the upper range of the sample. This positioning of the total remuneration reflects the dedication and responsibilities assumed by the members of the Board of Directors, as well as being competitive for the creation of value, recruiting and retaining qualified members with significant international experience, and in line with the size, internationalisation and complexity of the Company.
- Alignment of remuneration with the **complexity** of the duties and competencies required of directors to perform their duties effectively.
- **Transparency**, providing investors with a **clearer understanding** of the commitment and effectiveness of the Board of Directors.



2. Variable remuneration metrics aligned with the Company's long-term strategy

Analysis. In financial year 2024 and for 2025, the Remuneration Committee is analysing variable remuneration metrics based on the expectations of investors and proxy advisors as well as best market practices.

Action. The Remuneration Committee:

- Has worked to provide more quantitative and qualitative information *ex post* to more clearly explain the relationship between remuneration and performance in the creation of value. Information and details regarding the setting of targets (*ex ante*) has also been strengthened.
- Has monitored short-term variable remuneration (annual bonus) and long-term variable share-based remuneration (strategic bonus), including the monitoring of the "Comparative performance of Total Shareholder Return (TSR) vs. the Euro STOXX Utilities index".
- Has taken into account sustainability priorities within variable remuneration, including by working to provide a better explanation of the alignment of **sustainability objectives with Iberdrola's strategy**, particularly emphasising environmental, social and corporate governance policies, in a proactive manner and in consultation with the Sustainable Development Committee.
- Has continued to proactively work on **evaluating** whether the **remuneration system** encourages **excessive or inappropriate risk-taking**, in consultation with the Audit and Risk Supervision Committee.
- **For 2025**, considering market practices as well as input received from investors, **the weighting of financial performance targets for the chief executive officer's short-term variable remuneration has been increased from 70% to 75%**.
- **For 2025**, due to the importance of **occupational safety, health and well-being** in the Company's **sustainability strategy**, it is incorporated as a new parameter of the executive chairman's short-term variable remuneration, with a **weighting of 10%**.



3. *Malus* and clawback clauses

Analysis. The Remuneration Committee has reviewed the triggers and internal procedures for the application of *malus* and clawback clauses taking into account best market at comparable companies.

Action. The Remuneration Committee:

- Has clarified the **triggering** circumstances for *malus* and clawback clauses for variable remuneration (both short and long term) to include misconduct, which is understood as inappropriate or unethical behaviour, such as violation of company policies or poor risk management, which may not necessarily entail legal repercussions, but may still cause **damage to the undertaking's reputation**.
- Has strengthened the **internal procedure** for the application of *malus* and clawback clauses in short-term variable remuneration.

4. Implementation of the permanent shareholding commitment made at the 2024 General Shareholders' Meeting

Action. The Remuneration Committee ratified the implementation of the shareholding policy in July and verified that it will be kept in place at the end of 2024.

For directors in their capacity as such, it is established that at least **an amount equivalent to 20% of the annual fixed remuneration** per year of their term of office shall be **maintained** for a **cumulative period of four years**.

For officers, the period during which they may not transfer ownership of the shares received is set at **four years** unless an amount equivalent to at least twice their fixed remuneration is maintained.

Introduction

Iberdrola's Remuneration Committee has prepared this Report, which includes a summary of the current Director Remuneration Policy that **received 95.64% approval at the 2024 General Shareholders' Meeting** (exceeding the average approval of remuneration policies at other Ibex-35 companies in 2024, which is approximately 85.8%), as well as a description of how it was applied during financial year 2024.

In this regard, the application of the Director Remuneration Policy promotes the following **principles of conduct**:

For directors in their capacity as such

- Commitment to enforce the principle of transparency of all remuneration received.
- Ensure equal opportunities, guaranteeing equal pay for equal work at all times.
- Alignment with the remuneration policy for the Company's professionals, making a decisive contribution to recruiting, retaining, motivating and developing the best talent, on fair and competitive terms.
- Competitiveness for the creation of value, adequately rewarding the dedication and responsibility assumed by directors to maximise the creation of value and commitment to the Company's *Purpose and Values*.
- Remunerative system without variable remuneration, linking remuneration to effective dedication, responsibilities assumed and the performance of their duties as directors.

For officers

- Neutrality in variable remuneration for the creation of value, without accruing solely on the basis of the general performance of the markets, the sector of activity in which the Company operates or similar circumstances, ensuring the actual creation of value.
- Commitment to the interests of the shareholders and to long-term sustainability, strengthening and incentivising the achievement of strategic objectives through the inclusion of annual variable remuneration and long-term incentives to align the interests of the officers with those of the shareholders, while reinforcing continuity in Iberdrola's competitive development, fostering a motivating and loyalty-building effect.
- Proportionality with risk measures in the remuneration systems, establishing maximum limits to any variable remuneration and appropriate mechanisms for the Company to cancel (*malus* clause) or obtain reimbursement (*clawback* clause) of the variable components of the remuneration.

One of the remuneration practices through which the Remuneration Committee applies the above principles of conduct is the establishment of a **non-short-term remuneration system, committed to the Company's long-term business enterprise**, promoting a long-term sustainable remuneration system that maintains a reasonable balance between the different elements that make up the remuneration, reflecting an appropriate assumption of risk, which contributes to recruiting, retaining, motivating and developing the best talent.



Commitment to sustainable development and the creation of value

The commitment of the Remuneration Committee has always been to align the management carried out by officers with **sustainable development** and the **creation of value** for all stakeholders. The Remuneration Committee plays an active role in ensuring that remuneration is linked to shareholder performance (“Pay for Performance”), while integrating the “social dividend” in recognition of the broader interests of the stakeholders.

What sets Iberdrola apart is the manner in which it implements the Director Remuneration Policy, highlighting over the years its **consistency and continuity**, which has made it possible to **provide clarity** to its directors and officers as to what is expected of them with respect to the **achievement of strategic goals** and the principles to which they must adhere in order to achieve them. This clarity and continuity, promoted by the Remuneration Committee, has also facilitated a **better understanding of the Policy** among stakeholders, including shareholders.

In its decision-making process, the Remuneration Committee **takes into account the opinion of independent external advisors**, together **with the experience, competences and skills** present in **other committees of the Board of Directors**, working proactively and in consultation with other committees, particularly the Audit and Risk Supervision Committee, the Sustainable Development Committee and the Appointments Committee, as well as the **technical support of the officers**, to ensure the effectiveness of the Remuneration Policy through a generalised approach.

In an environment in which resources, operating experience and growth opportunities are similar, the great **differentiating factor** in Iberdrola’s success is **placing people at the centre of the business and understanding human capital as a principal asset**. This people-centred approach, underpinned by a competitive, value-creating and results-oriented remuneration strategy, has strengthened the four major parameters of dynamic human capital management in the commitments to the business plan:

- Employee satisfaction level with the lowest average turnover rate in the sector.
- Professional development to achieve the Company’s results by improving the efficiency of the organisation, strengthening the capabilities and skills of the professionals and preparing them to take on the future challenges of the energy transition.
- Adequate, equitable and competitive total remuneration for the creation of value.
- Equal opportunities by providing equal pay for equal work.

For Iberdrola, leadership and its commitment to the development of internal talent is a priority. This is shown by the internal promotions that have occurred over the last decade, even for the most significant positions within the Company, as well as in the selection of directors, with the preference being for candidates with previous experience at the other companies of the group. Also noteworthy is the commitment to the long-term creation of value through the **creation of new jobs** (specifically, Iberdrola pledged to create 10,000 new jobs by 2026 in its presentation to investors in March 2024). This approach drives Iberdrola’s commitment to recruiting, retaining, motivating and developing the best talent, ensuring that the Policy is closely aligned with the business strategy and long-term sustainability goals.

This high level of commitment is the result of the **focus and continuity** with which Iberdrola’s strategy has been defined and of the **total commitment** of the Group’s officers and professionals, creating value for all stakeholders, led by the executive chairman, who continues to hold all of the Iberdrola shares deriving from remuneration plans since joining the Company in 2001.



Active listening to stakeholders to ensure alignment and responsiveness

Year on year, **there has been increasing support from shareholders who have placed their trust in the Remuneration Committee's approach** to director remuneration and who reflect their dedication to the ongoing process of interaction and listening with stakeholders, including institutional investors and proxy advisors.

The General Shareholders' Meeting is not a separate milestone only on the day of the meeting, but rather an ongoing process in which **Iberdrola maintains two-way dialogue with its main institutional shareholders and proxy advisors to address various issues**, including the remuneration of directors and officers. During 2024 Iberdrola held meetings with all shareholders who accepted its offer to meet, as well as with all shareholders who asked to meet with the Company, maintaining contact with at least 40 institutional shareholders, representing approximately 40% of the shareholdings, and the two main global proxy advisors: Institutional Shareholder Services (ISS) and Glass Lewis.

The heads of the Investor Relations, Sustainability and Office of the General Secretary and Secretary of the Board of Directors participated in these two-way dialogues on behalf of the Company, and in some cases with the participation of the director authorised for such purpose, **showing the broad support for Iberdrola's remuneration practices**, considering its successful long-term track record and its link to the "Pay for Performance" principle, through a Director Remuneration Policy that encourages the creation of long-term sustainable value.

The topics discussed varied among shareholders and proxy advisors, although they emphasised that the **publication of the Report in a free-form format** has made it easier to read, which has allowed for a **better understanding** of the remuneration system with **greater scope and transparency** of the aspects covered, improving the overall clarity of the Report and the disclosure of the performance measures established and how Iberdrola **compares remuneration with that of other companies**. Iberdrola has a diverse shareholder base, with almost a third of its shares held by **retail investors**. Recognising the importance of engaging all of its shareholders, not just institutional investors, Iberdrola has taken steps to strengthen relations with its retail shareholders, who represent a **solid and long-term basis** for the growth and consolidation of the Company. During financial year 2024, several key initiatives were undertaken to better understand their expectations and encourage greater participation. These initiatives included Shareholder Day, at which approximately 600 shareholders met directly with Iberdrola's officers to discuss various topics, and an in-person roadshow that attracted more than 1,000 attendees at six events. Iberdrola has also **improved the accessibility and presentation** of online information, encouraging greater support for Iberdrola's proposals by improving the language and enhancing the website. Iberdrola foster a stronger and more engaged shareholder community through these efforts. This has facilitated a high level of participation (above 75%) in part due to the "engagement dividend", which promotes active shareholder participation.

As a result, the level of votes in favour of the **Annual Report on Remuneration of Directors and Officers 2023** by shareholders **increased to 92.47%** (exceeding the average of approximately 88.9% for annual director remuneration reports at other Ibex-35 companies in 2024).

Continuous reinforcement of the Director Remuneration Policy

The Director Remuneration Policy approved at the General Shareholders' Meeting of 17 May 2024 with 95.64% of votes in favour (exceeding the average of approximately 85.8% approval of remuneration policies at other Ibex-35 companies in 2024) contemplates, among the functions of the Remuneration Committee, the **regular review of the Director Remuneration Policy**, proposing any amendment or update to the Board of Directors and informing the latter of any issues that might arise in relation to the interpretation or application of said Policy and standards.

This review process takes into consideration the following issues arising from the **continuous improvement action plan developed by the Remuneration Committee**:



- Information gathered annually through the Company's ongoing and transparent dialogue with its **shareholders and proxy advisors** on expectations regarding and possible modifications of the Policy.
- Best **corporate governance** practices.
- Results of the analysis of **best remuneration practices** at comparable and global companies carried out annually with the advice of an independent expert.
- The remuneration of the Company's employees and how **remuneration is aligned with Iberdrola's Purpose and Values**, analysing the evolution of the general remuneration programmes, as well as of the incentive plans and pension supplements corresponding to the group's workforce, reporting the suitability and results thereof.

The Remuneration Committee has conducted extensive reviews of the Remuneration Policy to ensure that the principles, content and disclosures are in line with the expectations of its shareholders and proxy advisors and with best market and corporate governance practices. A description of the activities carried out by the Remuneration Committee can be found in the Annual Corporate Governance Report, which contains the Remuneration Committee's Report on its activities.

The Remuneration Committee has concluded that the Policy continues to promote appropriate remuneration principles and practices to contribute to the achievement of the Company's long-term strategic objectives, complies with best market and corporate governance practices and is aligned with the expectations of shareholders and proxy advisors, and is transparent and provides complete, relevant and sufficient information in line with generally recognised good governance recommendations in international markets regarding director remuneration, **specifically seeking quality, clarity, consistency and integrity of the information**.

The Remuneration Policy is a strategic tool for the sustainable creation of value for all stakeholders.

In view of the above, the Remuneration Committee **proposes to maintain the Director Remuneration Policy that was approved by the shareholders at the General Shareholders' Meeting held on 17 May 2024**.

Pay for Performance in volatile environments

Regional conflicts and geopolitical tensions expose fragilities in the current global energy system, reinforcing the need for stronger policies and greater investment to accelerate and scale up the transition to cleaner and more secure technologies.

Despite market challenges in 2024, coupled with volatility due to multiple elections in several key countries where the Company operates, **Iberdrola delivered record results in financial year 2024**, continuing to execute strongly on the ambitious targets communicated in London in March 2024.

As regards financial year 2024:

- Iberdrola set a new organic investment record, reaching almost €12,000 million, an increase of 5% over the previous year, of which 33% was in the United States. This has allowed the group to obtain record net profits of €5,612 million, an increase of approximately 17% year-on-year, driven by the accelerated implementation of the Company's strategic plan:



- Solid operational growth, with EBITDA growing by 17%, thanks to new network assets recognised in the regulated asset base and better RoE achieved in networks, as well as higher production with better pricing and normalisation of the retail margin.
- Record investments focused on the networks business and selective growth in the renewables business.
 - o Growth in networks: the group's network asset base increased by 8% in 2024 over to €45,206 million thanks to organic investments, excluding the UK company Electricity North West Limited ("ENW"), which will be fully integrated in 2025. Of this total, 31% corresponds to the United States, 25% to the United Kingdom, 23% to Brazil and 21% to Spain.
 - o Selective focus on renewables: the group installed 2.4 GW of renewables in 2024, mainly offshore wind, including the commissioning of Saint Brieuc in France and the completion of the installation of turbines at the Baltic Eagle wind farm in Germany.
- Financial strength, with FFO (Funds From Operations) of €11,836 million, continuing the asset rotation process by switching from fossil generation to grids in the United Kingdom and the United States, which has enabled the company to maintain strong solvency ratios. Thanks to the growing contribution from the United States and the United Kingdom, a very high percentage of 2024 recurring EBITDA is already coming from A-rated countries.
- Securing future growth with €17,853 million in purchases and the supply chain closed for future investments and securing €1,000 million of capital gains applied to improve the performance of existing assets.
- The Company is making progress on all of its sustainability objectives, showing excellent performance. This includes continued emission reductions, biodiversity protection and restoration, human capital, promotion of a sustainable and responsible supply chain, quality of service, and financing, mainly with green or sustainable instruments.
- All while maintaining the commitment to shareholder remuneration, which has grown by 14.4%, as shown by the interim dividend of €0.231 gross per share against 2024 results, to which the final dividend should be added, once approved at the next General Shareholders' Meeting (which means having surpassed the outlook presented in London in March 2024). Based on the foregoing, the proposed dividend charged to 2024 will reach €0.635 per share (+15 %).
- These achievements have been recognised by the markets, leading the Company to reach a market capitalisation of close to €85 thousand million, placing it at the end of 2024 among the top 3 utilities with the highest capitalisation worldwide (excluding companies with a free-float of less than 30%), the first European company in this ranking and also surpassing the sum of all the other energy companies listed on the Spanish stock exchange.
- Sustained increase in installed capacity of 2.4 GW, of which 100% is with zero emissions. Iberdrola is a world leader in renewable energy sources, with more than 44,478 MW of renewable energy in operation at year-end 2024, and is a leader in the energy transition towards a low-emission economy.
- In terms of asset rotation, Iberdrola closed the sale of the combined cycle business in Mexico at the beginning of 2024 for approximately €5,681 million. In addition, during the third quarter of 2024, Iberdrola



agreed to acquire ENW in the United Kingdom with an outlay of €2,619 and with an enterprise value of approximately €5,000 million, and the shareholders acting at the General Shareholders' Meeting of Avangrid approved the acquisition of minority interests by Iberdrola, the objective of this transaction being to increase exposure to the network business in the United States at a key moment for Iberdrola, which wants to grow in markets with high credit ratings and in regulated businesses such as the networks business.

- Iberdrola has accelerated its investment in networks in the 2024-2026 plan, with 60% of the total earmarked for networks, a higher weight in Transmission than usual (one third of total networks) and +38% growth in network assets recognised in the regulated asset base between 2022-2026.

The following was implemented along this path in 2024: the presentation to the British regulator of the transmission Business Plan in the United Kingdom for GBP 10.6 bn, in Brazil the publication of Decree 12,068 with the guidelines for the renewal of concessions for 30 years, in the United States the commitment continues to take advantage of investment growth opportunities in the states where the group is present, making progress in the commitments of the regulatory frameworks and the execution of the transmission programmes such as CLCPA in New York and NECEC in Maine. Finally, in Spain it has actively participated in the consultations on the next regulatory period 2026-2031.

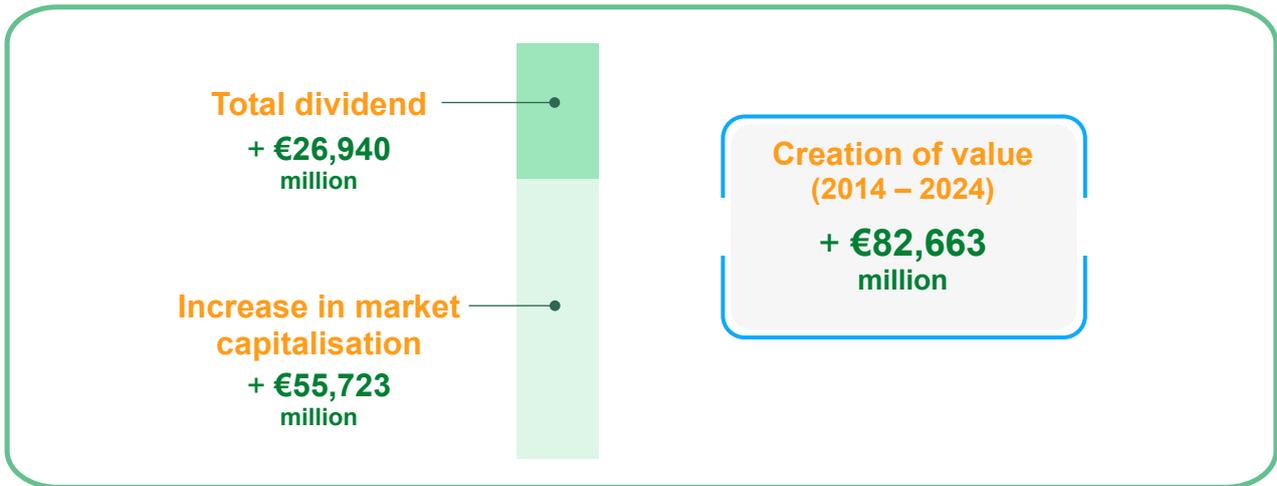
- In addition, in the third quarter of 2024 Iberdrola was awarded offshore wind projects in the United Kingdom (960 MW) and in the United States (800 MW), with estimated commissioning dates between 2028 and 2029, which will obtain regulated revenues guaranteeing the profitability of the investments.

All of the above has allowed the Company to maintain its leading position in the global energy sector and to continue to set new historical milestones.

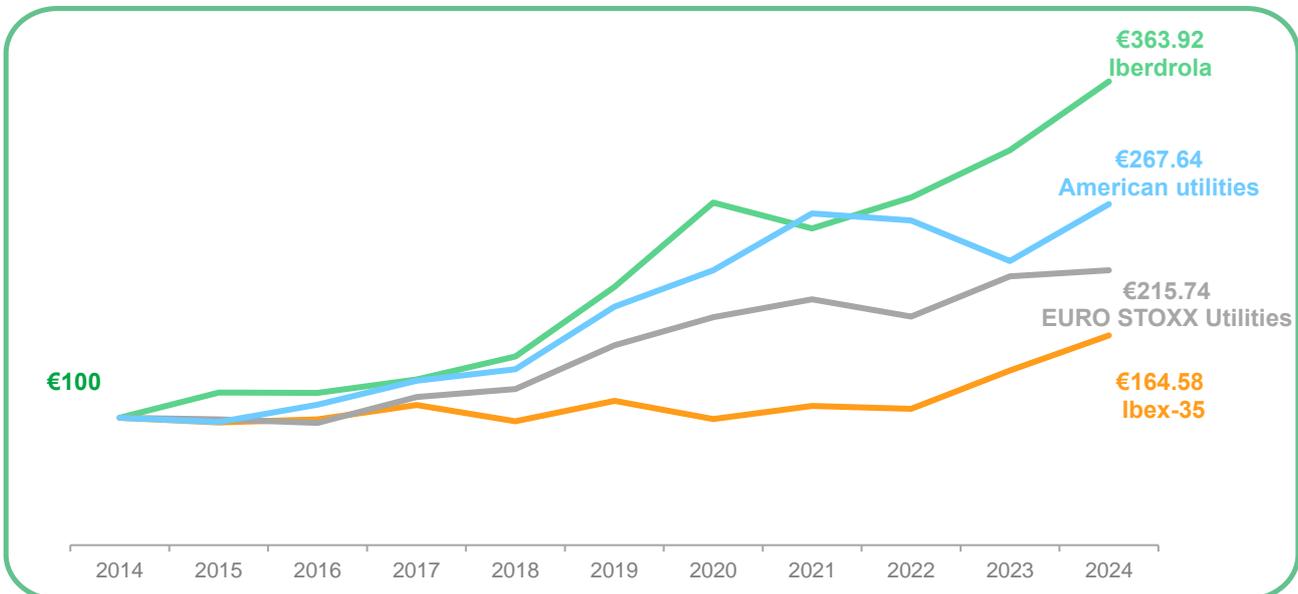
These objectives are included within the Remuneration Policy and seek to ensure **a positive contribution by the officers** in meeting Iberdrola's previously communicated **long-term objectives**, as a leader in the electricity networks and renewable energy sector and, by demonstrating solid financial and operational performance, with a strategic focus on improving its network infrastructure and expanding its renewable energy generation capacity, adopting an **attractive dividend policy** for investors seeking **long-term stability and growth**.

Among other things, the Policy has allowed Iberdrola to significantly increase its international presence, operating in multiple markets to become a global player in the energy sector, reflecting continuous positive performance over time.

- Since year-end 2013, Iberdrola has **generated value of more than €82 thousand million** as a result of having tripled its capitalisation and **distributed dividends of approximately €27 thousand million**.



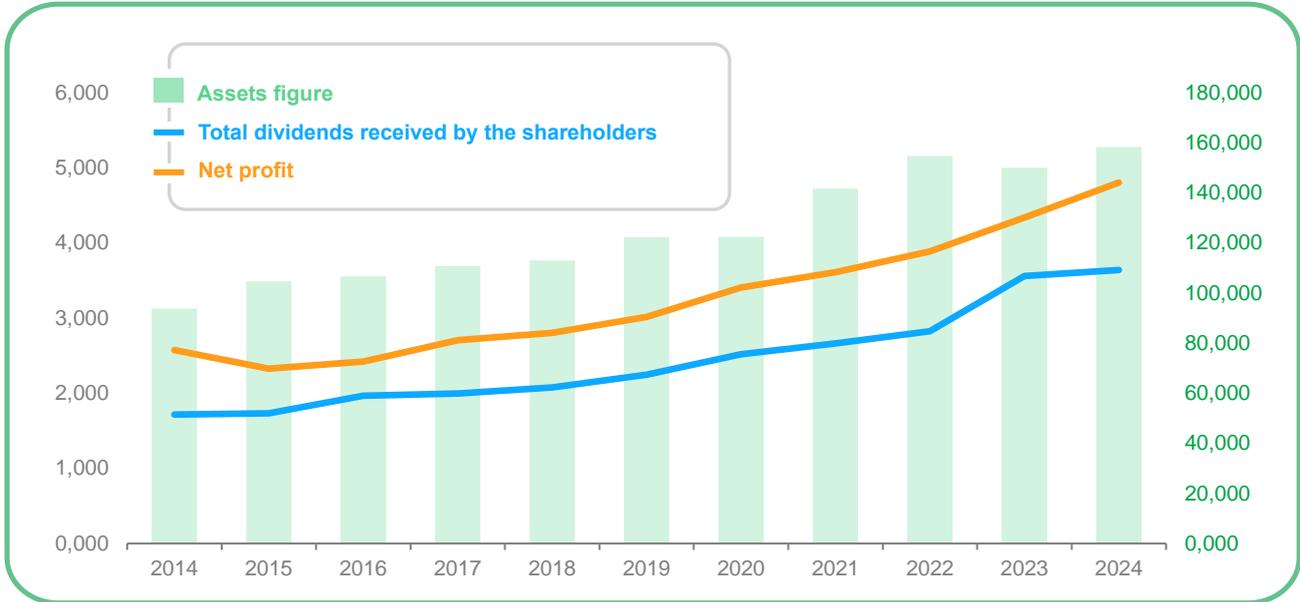
- Since 2014 **Iberdrola has significantly outperformed total shareholder return** (including dividend reinvestment) **compared to:**
 - the total return of the Spanish market index (**Ibex-35**),
 - the total return of the European industry index (**Euro STOXX Utilities**),
 - the average total return of the **top three US utilities by market capitalisation** (NextEra Energy, Duke Energy and The Southern Company).



As in previous years, the Remuneration Committee believes that any **increase in remuneration** of officers should be the **result of the achievement of pre-established and clear strategic objectives** as well as share price appreciation as regards long-term variable remuneration.



- Since 2014 Iberdrola has achieved **consistent performance** of assets, net profit and total dividends received by shareholders in line with the Company's long-term **non-volatile - stable and sustainable - growth**.



The Remuneration Committee remains firmly committed to aligning the remuneration of directors and officers with the performance of the various businesses in which Iberdrola operates and with the expectations of its shareholders and other stakeholders to ensure that **remuneration practices link the contribution of professionals to the long-term strategic and sustainability goals of the Company**.



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



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

As of 31 December 2024 and as of the date of preparation of this Report, the Board of Directors of Iberdrola is made up of **14 members** who possess a **broad and appropriate variety of knowledge, skills and experience**, not only in the areas required for the performance of their duties, but also in relation to the needs of the industry and the competitive position of Iberdrola.

During financial year 2024, Iberdrola conducted an **exhaustive analysis of the skills** of the Board of Directors in order to ensure that its members have the skills and knowledge necessary to meet the current and future challenges of the energy sector.

In this process, Iberdrola has taken into account best market practices and has conducted an analysis of the professional profiles of the members of Iberdrola's Board of Directors, as well as the current skills required by the shareholders.

Following this in-depth analysis, the Board of Directors has updated the skills matrix, ensuring maximum coverage of each skill. The skills matrix positions Iberdrola as the leader in the energy sector in terms of skills covered by more than 75% of the members of the Board of Directors.

As a result of this analysis, it has been concluded that out of the **nine skills**, directors, as a whole, have high knowledge and experience in the energy sector, management and strategy, audit, finance and risk management, global markets and geopolitics, capital allocation, legal and regulatory and sustainability (including climate change) and superior knowledge in digitalisation and cybersecurity and operations and supply chain.

These skills have been strengthened and expanded throughout their professional careers at Iberdrola and in the performance of professional activities in addition to their position as directors of the Company.

The Board of Directors Diversity and Director Candidate Selection Policy has made it possible to compare the skills and abilities of the directors on the basis of a comparative analysis of corporate governance that the Appointments Committee carried out during 2024, taking into account:

- Companies with strong governance, whose practices/disclosures relating to the skills of the Board of Directors are considered best practice.
- Comparable companies in terms of financial/operating size, with an internationally-focused Board of Directors and with diverse skills similar to those of Iberdrola.
- Comparable companies in terms of industry, which have a Board of Directors with skills that are relevant to Iberdrola's business model.
- Companies with sufficient retail shareholder participation in appointments and the operation of the Board of Directors with powers adapted to the overall business and not to the interests of a few shareholders.
- Companies with a Board structure that is sufficiently broad and similar to that of Iberdrola to allow for sufficiency of the data and to increase comparability with Iberdrola.



In recent years, Iberdrola, in its position of leadership in the energy sector, has proactively addressed the variety of skills through selective refreshment, combining the skills needed to guide management in application of the strategy.

The Board of Directors also has a varied composition, taking into account different factors, among which the most important are:

- The varied skills, knowledge and professional backgrounds provided by the existence of a **large majority of external directors** (85.71%), and **particularly of independent directors** (78.57%).
- The presence of **directors of five nationalities** (Brazil, Spain, the United States, the United Kingdom and Italy) **in line with the group's international coverage**.
- The ongoing refreshment of **Iberdrola's Board of Directors balances continuity and the introduction of new ideas**. More than 40% of new directors have joined during the last five years.

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

In addition, the continuous improvement plan for financial year 2024, derived from the process of evaluating the operation and composition of the Board of Directors, includes, among other things, the combination of the participation on the Board of Directors and its committees of senior executives with knowledge of the talent of the officers.

A.1.1.

Explain the current director remuneration policy applicable to the year in progress

As of the date of preparation of this Report, the Policy in effect at Iberdrola is the one approved by the shareholders at the General Shareholders' Meeting held on 17 May 2024 and which has been in force since the financial year of its approval and will be in force during financial years 2025, 2026 and 2027.

The level of votes in favour of the Director Remuneration Policy by shareholders was 95.64%, exceeding the average level of approval of remuneration policies at other Ibex-35 companies in 2024, which is approximately 85.8%.

Principles of the Policy

The Board of Directors has identified that sound strategic decision-making and a clear commitment to corporate values are two of the main drivers of company performance, particularly in the energy sector. Companies may choose similar businesses, markets and technologies, yet they perform differently. Therefore, experience, talent, effort, innovation, leadership and the ability to achieve the commitment to its *Purpose and Values* are the main differentiating elements.



The *Purpose and Values* of the Iberdrola group define the Company as a driver of an electric, efficient, healthy and accessible energy model that is fully aligned with financial and sustainability objectives and consistent with the highest environmental, social and corporate governance standards and requirements. All within the general framework of respect for and protection of human rights, sustainability and generally accepted ethical principles.

Therefore, the ultimate purpose of the Policy, like that of the remuneration programmes for professionals of the Iberdrola group, is to make a decisive contribution to recruiting, retaining, motivating and developing the best talent, on fair and competitive terms, which is the best way to contribute to the business strategy and to the long-term interests and sustainability of the Company and of the Iberdrola group, as well as of its stakeholders, including the shareholders.

Principles for directors in their capacity as such

Transparency

The Remuneration Committee assumes the commitment to implement the principle of transparency of all remuneration received by all directors, providing complete, relevant and sufficient information in line with the good governance recommendations generally recognised in international markets in the area of director remuneration.

Equal opportunities

The Remuneration Committee ensures equal opportunity, guaranteeing equal pay for equal work at all times.

Alignment with the Company's professional remuneration policy

The Policy shares the same principles and objectives as the remuneration policy for all the Company's professionals: to make a decisive contribution to recruiting, retaining, motivating and developing the best talent, on fair and competitive terms.

The Remuneration Committee regularly monitors the Company's remuneration practices, ensuring a fair and equitable pay structure at all levels. A key issue is the wage ratio between officers and the group of professionals as a whole. The Remuneration Committee ensures that there is no growing disparity and that remuneration across the Company evolves in a consistent manner, demonstrating the Company's commitment to fairness, transparency and alignment with its core values. These efforts have fostered strong professional commitment, industry-leading retention rates and a workforce characterised by a high sense of belonging and loyalty.



Competitiveness for the creation of value

Adequately reward the dedication and responsibility assumed by directors to maximise the creation of value and commitment to the Company's Purpose and Values.

Ensure that the structure and total amount of remuneration maximises the social dividend and shareholder return and the achievement of the long-term sustainability of the Company.

Comply with best practices by being competitive with comparable global companies in terms of capitalisation, turnover, complexity (including risk management and internal control), sustainability goals, ownership structure and international presence within a framework of engagement with all stakeholders.

Remuneration system without variable remuneration

Link remuneration to effective dedication, the responsibilities assumed and the performance of their duties as directors, without participating in remuneration formulas linked to the Company's long-term results or to short-term personal performance.

Principles for Officers

Neutrality in variable remuneration for the creation of value

The Remuneration Committee shall endeavour to ensure that any variable remuneration does not accrue solely on the basis of the general performance of the markets, the sector of activity in which the Company operates or similar circumstances, ensuring the actual creation of value.

Commitment to shareholder interests and long-term sustainability

Strengthen and encourage the achievement of the Company's strategic objectives through the incorporation of annual variable remuneration and long-term incentives, in order to align the interests of the officers with those of the shareholders, while strengthening continuity in the competitive development of the group, fostering a motivating and loyalty-building effect.



Proportionality with risk measures in remuneration systems

Establish maximum limits to any variable remuneration and appropriate mechanisms for the Company to cancel (*malus* clause) or obtain reimbursement (clawback clause) of the variable components of remuneration.

The Company's Board of Directors may cancel or reclaim variable components of remuneration in the event of a material restatement of the financial statements not reflecting a change in accounting standards, situations of fraud or serious breach of law declared by final court decision, as well as misconduct, understood as inappropriate or unethical behaviour, such as a violation of company policies or poor risk management, which may not necessarily entail legal repercussions, but which may nevertheless cause damage to the reputation of the company.

Remuneration practices

The Remuneration Committee considers in its decision-making process active listening to shareholders (retail and institutional) and proxy advisors, the opinion of independent external advisors, together with the experience and skills present in other committees of the Board of Directors, as well as the technical support of the officers.

To ensure the effectiveness of the Remuneration Policy through a generalised approach, the Remuneration Committee applies the principles described above through the following remuneration practices:

Establish a sustainable non-short-term remuneration system

The Remuneration Committee promotes a long-term sustainable remuneration system and maintains a reasonable balance between the different elements that make up remuneration, reflecting an appropriate assumption of risk that contributes to recruiting, retaining, motivating and developing the best talent.

Active and responsive listening

The Remuneration Committee takes into consideration the information received from the Company's shareholders (retail and institutional) and proxy advisors, as well as the analysis of their main expectations.



Consider skills on other committees

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

Shareholding policy

A shareholding policy is established for directors in their capacity as such, of at least an amount equivalent to 20% of the annual fixed remuneration per year in office, to be held for a cumulative period of four years.

No guaranteed remuneration

There are no contracts with guaranteed remuneration (salary increases or variable remuneration).

No loans or advances

No loans or advances are provided to directors.

No long-term savings schemes (pensions)

Long-term savings schemes are in place for officers who are not directors, but no long-term savings scheme has been established for directors in their capacity as directors.

Remuneration practices for officers

Deferred payment of long-term variable remuneration

The delivery of shares under the long-term variable remuneration system is paid on a deferred basis in thirds over a period of three years, with no overlapping of plans.



Shareholding policy

Ownership of the shares received may not be transferred for a period of four years unless an amount equivalent to at least twice the fixed remuneration is maintained.

No share delivery plans with capital increases

Share delivery plans are not implemented by means of capital increases or similar instruments.

No hedging transactions

Hedging on the Company's share-based remuneration plans are not authorised.

Hedging, pledging, short-selling or derivative contracts on securities of shares received in variable remuneration schemes is not permitted.

No overlapping long-term incentive schemes

No annual awards of overlapping long-term variable remuneration may be made.



Interaction with shareholders

The Board of Directors, continuing with Iberdrola's devotion to leadership in the energy sector, will take into consideration the information received as a result of the ongoing two-way dialogue between the Company represented by the heads of Investor Relations, Sustainability and the Office of the General Secretary and Secretary of the Board, and in some cases, with the participation of the director authorised for such purpose and its shareholders (retail and institutional) and proxy advisors. The Board of Directors also takes into consideration both the best practices identified at other listed companies and regarding the directors and officers and the general remuneration schemes of the professionals of the Iberdrola group.

The General Shareholders' Meeting is not a separate milestone only on the day of the meeting, but rather an ongoing process in which **Iberdrola maintains two-way dialogue with its main institutional shareholders and proxy advisors to address various issues**, including the remuneration of directors and officers.

During 2024 Iberdrola held meetings with all shareholders who accepted its offer to meet, as well as with all shareholders who asked to meet with the Company, maintaining contact with at least 40 institutional shareholders, representing approximately 40% of the shareholdings, and the two main global proxy advisors: Institutional Shareholder Services (ISS) and Glass Lewis.

Iberdrola has a diverse shareholder base, with almost a third of its shares held by **retail investors**. Recognising the importance of engaging all of its shareholders, not just institutional investors, Iberdrola has taken steps to strengthen relations with its retail shareholders, who represent a **solid and long-term basis** for the growth and consolidation of the Company. During financial year 2024, several key initiatives were undertaken to better understand their expectations and encourage greater participation. These initiatives included Shareholder Day, at which approximately 600 shareholders met directly with Iberdrola's officers to discuss various topics, and an in-person roadshow that attracted more than 1,000 attendees at six events. Iberdrola has also **improved the accessibility and presentation** of online information, encouraging greater support for Iberdrola's proposals by improving the language and enhancing the website. Iberdrola foster a stronger and more engaged shareholder community through these efforts. This has facilitated a high level of participation (above 75%) in part due to the "engagement dividend", which promotes active shareholder participation.

The Remuneration Committee continuously monitors the results of the General Shareholders' Meeting on the matters within the purview of the Committee. Following the General Shareholders' Meeting of 17 May 2024, it analysed the information available on the voting behaviour of certain institutional shareholders of Iberdrola (approximately 70 institutional shareholders representing more than 50% of its shareholdings), as well as the expectations received from the proxy advisors.

With a view to the 2025 General Shareholders' Meeting, Iberdrola has strengthened the roadshow process in order to encourage greater shareholder participation and to ensure that the information shared is clear, accurate and accessible. In addition, more direct and frequent communication channels have been established to enable shareholders to effectively express their views and expectations. With these measures, Iberdrola seeks not only to increase transparency in its processes, but also to build a relationship of trust and ongoing collaboration with shareholders and proxy advisors.



Annual review of the Director Remuneration Policy

The Remuneration Committee carries out **exhaustive reviews of the Remuneration Policy** to ensure that the principles, content and information disclosed are in line with the expectations of its shareholders and proxy advisors and with best market and corporate governance practices, proposing, where appropriate, the amendment and update thereof to the Board of Directors and informing the latter of any issues that may arise in connection with the interpretation or application of such Policy and standards.

This review process takes into consideration the following issues arising from the continuous improvement action plan developed by the Remuneration Committee:

- Information gathered annually through the Company's ongoing and transparent dialogue with its shareholders and proxy advisors on expectations regarding and possible modifications of the Policy.
- Best corporate governance practices.
- Results of the analysis of best remuneration practices at comparable and global companies carried out annually with the advice of an independent expert.
- Employee remuneration and how remuneration is aligned with Iberdrola's *Purpose and Values*.

During the financial year 2024, the Remuneration Committee held 8 meetings at which it reviewed aspects of the Remuneration Policy and worked proactively and in consultation with other committees, in particular the Audit and Risk Supervision Committee, the Sustainable Development Committee and the Appointments Committee.

In the process of reviewing the current Policy approved at the General Shareholders' Meeting of 17 May 2024, some of the key issues analysed by the Remuneration Committee during this financial year 2024 particularly included the following:

- Acknowledgement of new developments in the area of transparency of the remuneration included in the annual director remuneration reports and follow-up on the General Shareholders' Meeting for the adoption of measures for improvement.
- Review of best practices on the remuneration of executive directors.
- Consistency of the Policy with the business strategy, interests and long-term sustainability. Some of the aspects analysed included:
 - In relation to variable remuneration of officers ("pay for performance"), whether the targets to which it is linked are fully related to the sustainable creation of value for the shareholders, there being no guaranteed variable remuneration with risk measures, for which reason no variable remuneration is paid if the minimum achievement threshold is not met. A maximum payment limit that cannot be exceeded is also established.
 - With respect to the remuneration system, in interaction with the Audit and Risk Supervision Committee, whether it encourages the assumption of excessive or inappropriate risks, taking into account Iberdrola's risk characteristics in variable remuneration plans.

The Remuneration Committee has come to the conclusion:



In view of the above, **the Remuneration Committee proposes to maintain the Director Remuneration Policy that was approved by the shareholders at the General Shareholders' Meeting held on 17 May 2024.**

The Remuneration Committee continues to monitor and periodically review the Policy to ensure that it remains in line with the expectations of its shareholders and proxy advisors and with best market and corporate governance practices.

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

The decision-making process for the determination, review and implementation of the Policy is described below.

General Shareholders' Meeting

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



Board of Directors

- **Proposes the Director Remuneration Policy to the shareholders** for approval on the terms established by law and the Governance and Sustainability System.
- **Approves the remuneration** of directors in accordance with the provisions of the law and the Director Remuneration Policy upon a proposal of the Remuneration Committee.
- **Proposes variable share-based remuneration plans** for approval by the shareholders at the General Shareholders' Meeting upon a proposal of the Remuneration Committee.
- **Approves the performance of executives**, in short-term variable remuneration upon a proposal of the Remuneration Committee.
- **Approves the performance of the Company** in the long-term variable remuneration upon a proposal of the Remuneration Committee.

Remuneration Committee

- **Submits the proposed Director Remuneration Policy** to the Board of Directors for approval and subsequent submission to the shareholders at the General Shareholders' Meeting, issuing the corresponding specific explanatory report required by Section 529 *novodecies* of the Companies Act.
- **Regularly reviews the Director Remuneration Policy**, proposing to the Board of Directors any amendment and update thereof and reporting thereto on any issues that may arise in connection with the interpretation and application of said Policy and standards. In the process of reviewing the Policy, the Remuneration Committee considers employee remuneration and how **remuneration is aligned with the Purpose and Values of Iberdrola**.
- Proposes to the Board of Directors the **system and amount of the annual remuneration of the directors, as well as the individual remuneration of the officers** and the other terms and conditions of their contracts, including fixed remuneration, annual or multi-year variable remuneration, incentive plans and strategic bonuses in shares and any potential compensation or severance payment that may be established in the event of removal, in all cases in accordance with the provisions of the Governance and Sustainability System and the Director Remuneration Policy.
- **Endeavours to ensure** that the Board of Directors is in **a position to approve in advance the application**, objectives, standards and metrics of the various items of remuneration established for the current financial year in accordance with the Policy approved by the shareholders at the General Shareholders' Meeting.





- **Ensures** that the Board of Directors is in a **position to assess** the achievement of the objectives, standards and metrics established in the previous year that determine the variable remuneration earned by officers in that year sufficiently in advance. And, if applicable, for short- and long-term variable remuneration, proposes to the Board the cancellation or reimbursement of remuneration that has been paid to the respective beneficiaries.
- In **consultation with other committees**, particularly the **Audit and Risk Supervision Committee**, the Remuneration Committee evaluates whether the remuneration system encourages excessive or inappropriate risk-taking. This evaluation takes into account the nature of Iberdrola's risks in the design of variable remuneration plans.
- In **consultation with other committees**, particularly the **Sustainable Development Committee**, the Remuneration Committee evaluates the appropriate transposition of the Company's sustainable development strategy, with particular emphasis on environmental, social and corporate governance and regulatory compliance policies in the remuneration system. This evaluation takes into account Iberdrola's commitment to sustainable development in the design of variable remuneration plans.
- **Annually verifies**, on the basis of information provided to the Remuneration Committee, that the remuneration **policies** for directors and officers **are properly applied**, that no payments are made that are not provided for therein, whether circumstances have arisen that justify the application of *malus* (cancellation) or clawback (reimbursement) clauses, and propose, if appropriate, suitable measures to recover any amounts that may be due.
- **Oversees** compliance with the Company's **remuneration schemes** and reports on the documents to be approved by the Board of Directors on remuneration, including the Annual Report on Remuneration of Directors and Officers and the corresponding sections of the Company's Annual Corporate Governance Report.
- **Regularly reviews the general remuneration programmes** for the group's professionals, assessing the suitability and results thereof, considering that they promote physical, mental and emotional well-being, as well as a healthy, safe, pleasant and multifaceted working environment.

External advisors of the Remuneration Committee

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

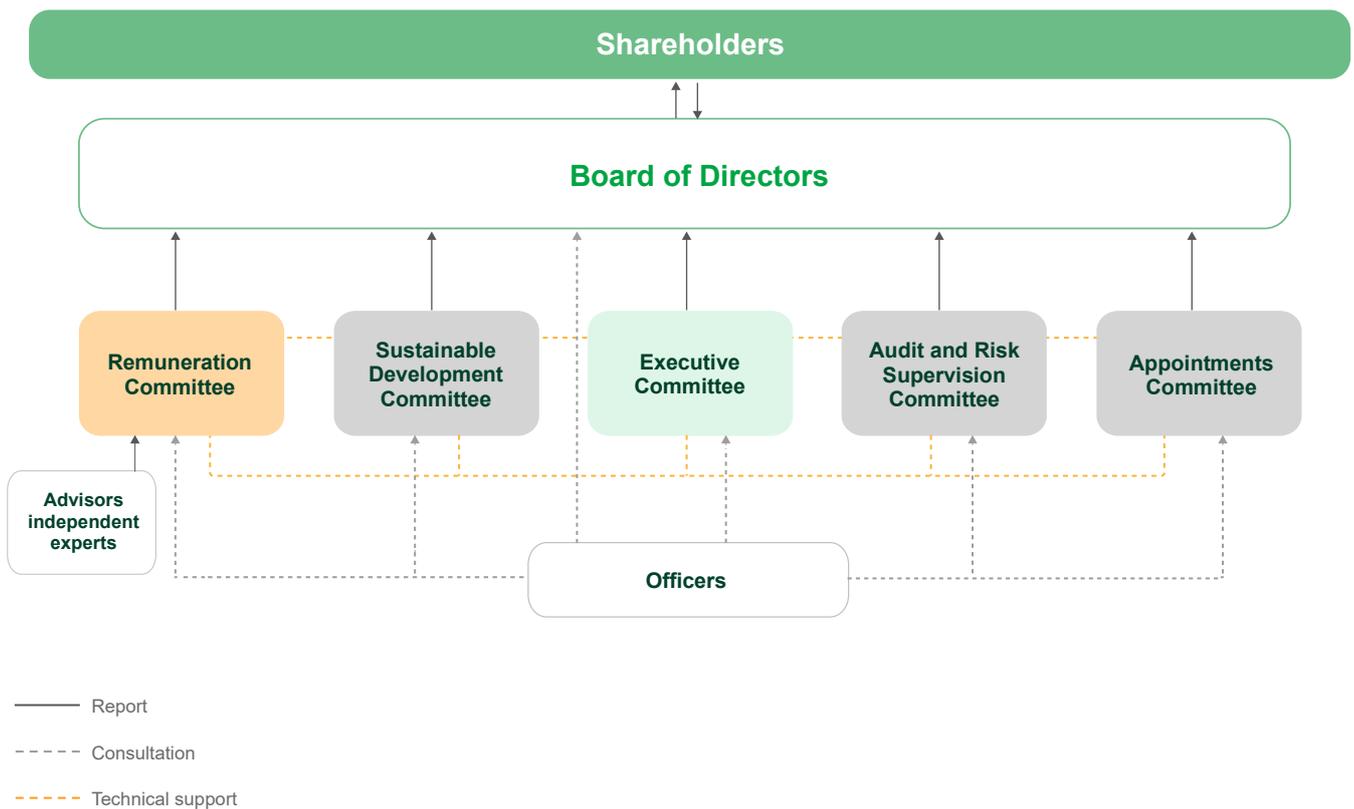


Interaction of the Remuneration Committee

In its decision-making process, the Remuneration Committee takes into account the opinion of independent external advisors, together with the experience and skills present in other committees of the Board of Directors, working proactively and in consultation with other committees, particularly the Audit and Risk Supervision Committee, the Sustainable Development Committee and the Appointments Committee, as well as the technical support of the officers, to ensure the effectiveness of the Remuneration Policy through a generalised approach.

In consultation with other committees, particularly the Audit and Risk Supervision Committee, the Remuneration Committee evaluates whether the remuneration system encourages excessive or inappropriate risk-taking. This evaluation takes into account the nature of Iberdrola’s risks in the design of variable remuneration plans.

In consultation with other committees, particularly the Sustainable Development Committee, the Remuneration Committee evaluates the appropriate transposition of the Company’s sustainable development strategy, with particular emphasis on environmental, social and corporate governance and regulatory compliance policies in the remuneration system. This evaluation takes into account Iberdrola’s commitment to sustainable development in the design of variable remuneration plans.





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

The ultimate purpose of the Director Remuneration Policy, like that of the remuneration programmes for professionals of the Iberdrola group, is to make a decisive contribution to recruiting, retaining, motivating and developing the best talent, on fair and competitive terms, which is the best way to contribute to the business strategy and to the long-term interests and sustainability of the Company and of the Iberdrola group, as well as of its stakeholders, including the shareholders.

The Remuneration Committee regularly reviews the general remuneration programmes for the group's professionals, assessing the **suitability and results thereof, considering that they promote physical, mental and emotional well-being, as well as a healthy, safe, pleasant, diverse and multifaceted working environment.**

As part of the continuous improvement plan, the Remuneration Committee performs **benchmark analyses of total remuneration.** During financial year 2024 and for 2025, the Remuneration Committee, with the advice of an independent external party, carries out benchmark analyses of the total remuneration of the directors in their capacity as such, of the executive chairman, and of the chief executive officer.

The Remuneration Committee evaluates:

- Competitiveness to ensure that the dedication and responsibility undertaken to maximise the long-term sustainable creation of value and the commitment to the Company's *Purpose and Values* is adequately rewarded.
- Alignment of remuneration with the complexity of the duties and competencies required of directors to perform their duties effectively.
- Transparency, providing investors with a clearer understanding of the commitment and effectiveness of the Board of Directors.

Iberdrola's leadership

The Board of Directors has identified that sound strategic decision-making and a clear commitment to corporate values are two of the main drivers of company performance, particularly in the energy sector. Companies may choose similar businesses, markets and technologies, yet they perform differently. Iberdrola's experience, talent, effort, innovation, leadership and ability to embody its commitment to its *Purpose and Values* are therefore the main differentiating elements of Iberdrola's leadership in the global energy sector, with it being a benchmark for companies listed on the STOXX Europe 600 Utilities and S&P 500 Utilities indices, in order to maximise the social dividend and shareholder return, as well as to contribute to the achievement of the Company's strategic objectives.

It should be noted that as of 31 December 2024, the Company is the **leading European utility in terms of market capitalisation**, and has the goal to continue strengthening its position among the world's leading utilities. It is also the leader in renewables, spearheading the energy transition towards a low-emission economy. The group supplies energy to close to 100 million people in dozens of countries and carries out its renewables, networks and commercial activities in Europe (Spain, United Kingdom, Portugal, France, Germany, Italy and Greece), the United States, Brazil, Mexico and Australia, and it maintains markets such as Japan, Ireland, Sweden and Poland, among others, as growth platforms.



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

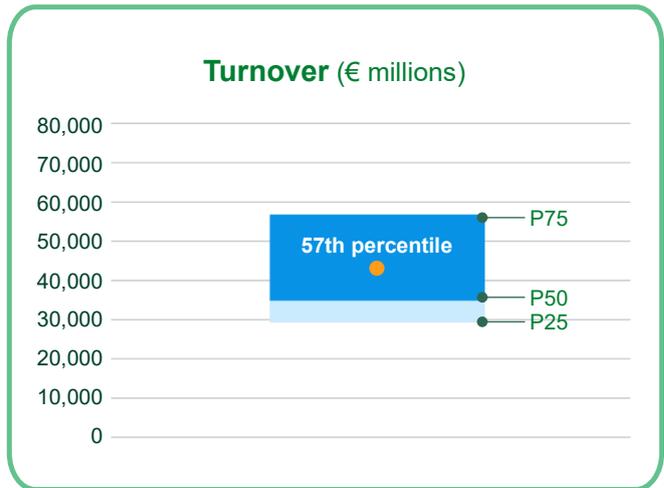
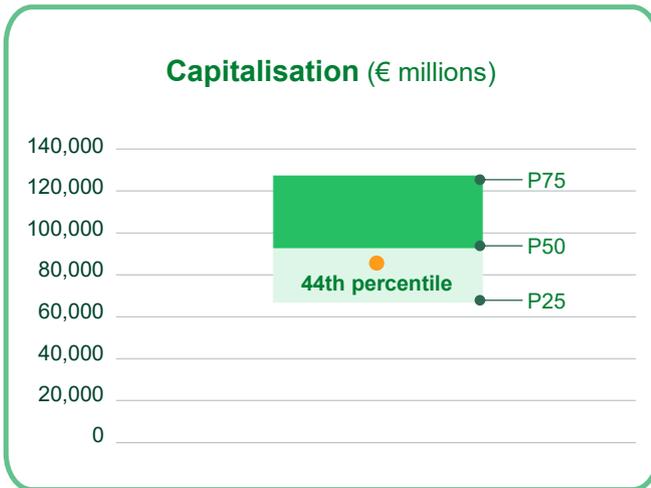
This is why Iberdrola became a Harvard case study as a leader in the challenge of renewable production and supply, at the forefront of this new revolution in which it is the benchmark.

Iberdrola's comparison group

As is customary practice, at the beginning of each financial year, the Remuneration Committee engages an independent external adviser (EY Abogados has been maintained for 2025) to perform a comparative analysis of the total remuneration of the directors, as well as of the practices and information adopted by other global companies similar in size to Iberdrola in terms of **capitalisation, turnover, complexity** (including risk management and internal control), **sustainability goals, ownership structure** (e.g. fewer than half of the leading companies of the STOXX Utilities in terms of capitalisation are companies with a full free float), and **international presence**. In the case of energy and utilities, the value of regulated network assets and their geographical distribution are also considered as a dimension.

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

In application of the above criteria, which remain unchanged from previous years, a remuneration benchmark group has been defined for the remuneration of directors and best practices. This group is made up of the following **40 companies** which, according to the results of the comparative analysis, in terms of the main dimensions, position Iberdrola **around the median in terms of capitalisation and turnover**.



Source: Benchmark analysis of total director remuneration of Iberdrola, S.A. performed by EY Abogados.

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

Utilities (Global)

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

7 companies: NextEra Energy, Duke Energy, The Southern Company, E.ON, Constellation Energy, Exelon Corporation and Veolia Environment.

In the case of energy and utilities, the value of regulated network assets and their geographical distribution are also considered as a dimension.

With respect to the 2023 benchmark, Exelon Corporation and Veolia Environment have been included in the comparison group of the 2024 benchmark to the extent that they have come to meet the criteria outlined above.



Leaders (global)

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

26 companies: 3M, ABB, Air Liquide, Boeing, Carrier Global, Caterpillar, ConocoPhillips, Cummins Inc, Deere&Company, Eaton Corporation, FedEx, General Dynamics, GSK, Heineken, Honeywell, Intel Corporation, Johnson Controls, Medtronic, Nike, Pfizer, QUALCOMM, Rio Tinto, Siemens, Starbucks, Uber technologies and Unilever.

With respect to the 2023 benchmark, Carrier Global, Cummins Inc, Eaton Corporation, Intel Corporation, Johnson Controls and Uber technologies have been included in the 2024 benchmark, as they progressed to meet the criteria outlined above.

In addition, Archer-Daniels-Midland, BASF, Dow, GE, Holcim, Humana, IBM, Northrop Grumman, Schneider Electric, Volvo and Walt Disney have dropped out of the 2024 benchmark as they no longer meet the above criteria.

Ibex-35 (Spain)

- Top companies by market capitalisation in the Spanish market.

3 companies: INDITEX, Santander and BBVA.

Energy transition (Europe)

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

4 companies: Shell, BP, TotalEnergies and Repsol.



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

- Positioning in terms of capitalisation and turnover: Iberdrola is positioned around the **median** of the comparison group in terms of the main dimensions (capitalisation and turnover).
- Positioning in total remuneration: the Executive Chairman's total remuneration is approximately in the **median** and the Chief Executive Officer's total remuneration is approximately in the **third decile**.

A.1.1.c) Information regarding external advisors

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

Throughout financial year 2024 and up to the date of preparation of this Report, the Remuneration Committee has received independent advice from the following specialised firms:

- PricewaterhouseCoopers Asesores de Negocios, S.L. ("PwC Asesores") in relation to the evaluation of the parameters linked to the annual variable remuneration of the executive chairman and the chief executive officer.
- Ernst & Young Abogados, S.L.P. ("EY Abogados") in relation to the comparative benchmark analysis of the total remuneration of the directors in their capacity as such, the executive chairman and the chief executive officer with respect to comparable companies. The total remuneration of the executive chairman and chief executive officer takes into account the variations that may occur as a result of the changes in the share price.

Furthermore, in preparing the Director Remuneration Policy, the Remuneration Committee was advised by EY Abogados on certain aspects thereof.

A.1.1.d) Procedures set forth in the current remuneration policy for officers in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy

As provided in the Remuneration Policy, the Board of Directors, after a favourable report from the Remuneration Committee, may apply temporary exceptions to the variable components of the remuneration (both short- and long-term) of officers when this exceptional situation is required to serve the **long-term interests and sustainability of the Company** as a whole or to ensure the viability thereof pursuant to the provisions of Section 529 *novodecies*.6 of the Companies Act.

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

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

**A.1.2.****Relative importance of variable remuneration items with respect to fixed remuneration items (remuneration mix). Standards and objectives for the determination thereof and for ensuring an appropriate balance between fixed and variable components**

The remuneration mix for Iberdrola's officers is made up of fixed and variable elements, both short- and long-term, and is designed to recruit, retain and motivate the best talent and align their conduct with the interests of the Iberdrola group and the achievement of its business strategy, promoting its long-term sustainability, in accordance with best practices at the domestic and international level.

Under the **principle of neutrality**, the Board of Directors shall endeavour to ensure that any variable remuneration does not accrue solely on the basis of the general performance of the markets, the sector of activity in which the Company operates or similar circumstances, ensuring the actual creation of value.

In determining the proportion of each element of total remuneration (remuneration mix), the Remuneration Committee continuously monitors market practices and trends.

Principles	Elements of the Remuneration Policy		
	Fixed remuneration	Short-term variable remuneration (annual bonus)	Long-term variable remuneration (strategic bonus)
Transparency	•	•	•
Equal opportunities	•	•	•
Alignment with the Company's professional remuneration policy	•	•	•
Competitiveness for the creation of value	•	•	•
Neutrality in variable remuneration for the creation of value		•	•
Commitment to shareholder interests and long-term sustainability		•	•
Proportionality with risk measures in remuneration systems		•	•

The components of the remuneration mix of the officers are as follows:

- **Fixed remuneration:** the remuneration of the officers may vary according to the specific responsibilities and characteristics of the duties performed and is reviewed annually by the Board of Directors, upon a proposal of the Remuneration Committee, considering, in particular and without limitation, the following factors: the financial situation of the Company, market standards, merit and worth, retention risks, and general salary updates within the Iberdrola group. To this end, the Remuneration Committee may engage external advisors to perform the market studies and analyses it deems appropriate.



• **Short-term variable remuneration (annual bonus)**

Intended to encourage the achievement of the Company's annual objectives and those specific to the position, aligning the dedication and efforts of the officers with the business strategy.

The maximum limit of the short-term variable remuneration applicable to the executive chairman and the chief executive officer for financial year 2025 is reflected in Section **A.1.6**.

Annual variable remuneration is linked to the achievement of predetermined, specific, measurable, challenging and clear quantitative and qualitative strategic objectives, aligned with the *Purpose and Values*, the achievement of the business strategy and the long-term interests and sustainability of the Company, including financial, operational and sustainability objectives.

The pool of targets to which short-term variable remuneration is linked is related to parameters such as:

Financial

- Net profit, gross operating income (EBITDA), cash flow, etc.
- Investments.
- Comparative performance of shareholder remuneration with other securities and indices.
- Financial strength.
- Efficiency level of the group.

Operational

- Selection and implementation of investments.
- Project portfolio.
- Installed capacity.
- Networks assets recognised in the regulated asset base.
- Regulatory aspects.
- Leadership in retail/customers.

Sustainability

- Development and application of the Stakeholder Engagement Policy, the Policy on Respect for Human Rights, and the Social Dividend Policy.
- Development of the Equal Opportunity Policy.
- Results in the fight against climate change.
- Management of corporate reputation, measured in terms of presence in sustainability and ethics indices.
- Resiliency and reinforcement of cybersecurity plans.
- Levels of occupational safety, health, well-being and labour climate



The Remuneration Committee takes a strategic approach to the selection of metrics to ensure a balanced assessment of performance by differentiating between short- and long-term remuneration. This means avoiding any significant overlap between the criteria used to assess the performance of the annual variable remuneration targets and those of the strategic bonus.

In the case of sustainability metrics, this differentiation is important insofar as the targets are to be achieved within different timeframes. The Remuneration Committee therefore defines specific short-term sustainability objectives that encourage immediate progress, while setting long-term goals that ensure more meaningful and lasting results.

Notwithstanding the foregoing, the net profit metric has a level of importance for the Company that requires annual evaluations, as well as measuring its compliance over 3-year periods, in accordance with the group's strategy, which allows meeting the payout ratio relative to increasing shareholder remuneration to 0.61-0.66 euro/share.

Each metric has a related achievement scale where a minimum threshold and an upper limit are set. If the minimum compliance level is not reached, no short-term variable remuneration will accrue and if a compliance level above the maximum limit is reached, no annual variable remuneration will accrue with an achievement percentage above 100%, without generating additional payments for over-compliance levels. For each of the metrics, any intermediate results will be calculated by linear interpolation.

The weights and parameters to which the annual variable remuneration of the executive chairman and the chief executive officer for financial year 2025 is linked are described in Section **A.1.6**.

The Remuneration Committee, in consultation with the Audit and Risk Supervision Committee and the Sustainable Development Committee, shall evaluate the performance of the officers, for which purposes it may rely on the advice of an independent expert (PwC Asesores was retained for the evaluation of 2024 targets), and it shall submit a reasoned proposal to the Board of Directors for approval thereof.

The Board of Directors, on the basis of the proposal made by the Remuneration Committee, taking into account, among other factors, exceptional circumstances (including significant corporate transactions) occurring during the year, shall have a margin of discretion in assessing compliance with the indicators that may give rise to both upward and downward adjustments, and in no case give rise to a payment in excess of the maximum approved for variable remuneration. Any use of this discretion must be justified and explained in the Report.

The payment of the annual variable remuneration of the executive chairman and chief executive officer takes place entirely in cash after the annual financial statements have been audited and subsequently formulated by the Board of Directors.

If there is a restatement of accounts during the financial year following the payment, the Board of Directors, in accordance with the proposal, if any, made by the Remuneration Committee, may approve the cancellation of outstanding payments (*malus* clauses) and the reimbursement of amounts paid during the previous financial year (clawback clauses).



• **Long-term variable remuneration (strategic bonus): share delivery plans**

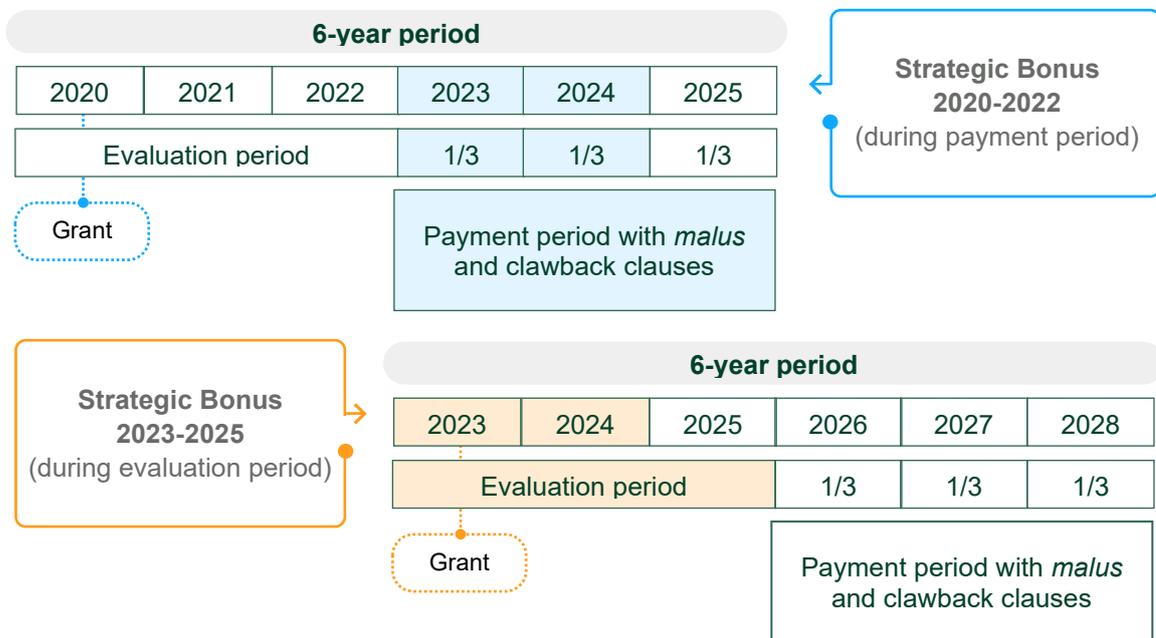
Long-term variable remuneration encourages commitment to the Iberdrola group’s long-term business enterprise, linking part of the remuneration to the creation of value for stakeholders, as well as to the sustainable achievement of the group’s strategic objectives and the maximisation of its social dividend and shareholder return.

It is implemented through share delivery plans linked to the achievement of long-term objectives, which are submitted *ex ante* for the approval of the shareholders at the General Shareholders’ Meeting, who establish the maximum number of shares to be delivered to the officers who are directors and also set the parameters and quantifiable objectives that determine the accrual thereof, as well as weighting.

These long-term plans typically have a duration of **six years** (three for performance evaluation and three for payment). **Long-term variable remuneration plans are awarded every three years rather than annually, which ensures that there is no overlap.**

Therefore, the delivery of shares under the multi-annual variable remuneration system is deferred for three years.

At the date of preparation of this report, the 2020-2022 Strategic Bonus is in the payment period (two of the three scheduled deliveries having been made) and the 2023-2025 Strategic Bonus, which was approved by 92% of the vote at the General Shareholders' Meeting held on 28 April 2023, is in the evaluation period.



Long-term variable remuneration is linked to the achievement of predetermined, specific, measurable, challenging and clear quantitative and qualitative strategic objectives - each parameter is assigned a specific weight, as well as a minimum level above which it is considered to be met and another level above which it is considered to be fully met. The specific weights and parameters of the 2023-2025 Strategic Bonus are broken down in section **A.1.6**.



These metrics represent the achievement of the business strategy and the long-term interests and sustainability of the Company.

The Board of Directors, upon a proposal of the Remuneration Committee, which may be assisted by an independent expert, must evaluate the Company's performance and determine the level of achievement thereof.

Circumstances occurring after the approval of each of the plans that have a material positive or negative impact on the Company's key economic variables (including significant corporate transactions) may be taken into account for the proper overall assessment of performance. The level of achievement will be reported in this Report. After the end of the evaluation period of each incentive plan, the plan will vest annually and equally in the following three financial years after the end of the evaluation period. Each annual accrual and its corresponding payment must be approved by the Board of Directors, following a report from the Remuneration Committee. In this regard, during each of the three years of the accrual and payment period and on the occasion of each delivery of shares, an evaluation is made as to whether the corresponding payment should be confirmed or cancelled, in whole or in part, and also, if applicable, whether the shares already delivered (or the amount thereof in cash) should be reclaimed, in whole or in part.

- **Benefits**

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

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

The chief executive officer is insured under the group life insurance policy described above with a commitment made when he was a member of senior management, which has not been modified by his appointment as chief executive officer.

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

The executive chairman is not a participant in any long-term savings (pension) system.

The remuneration system for the officers will be complemented by health, life and accident insurance and other benefits in line with market practice followed by comparable global companies. The officers, like the rest of the Company's professionals, have limited electricity allowances through rate concessions.

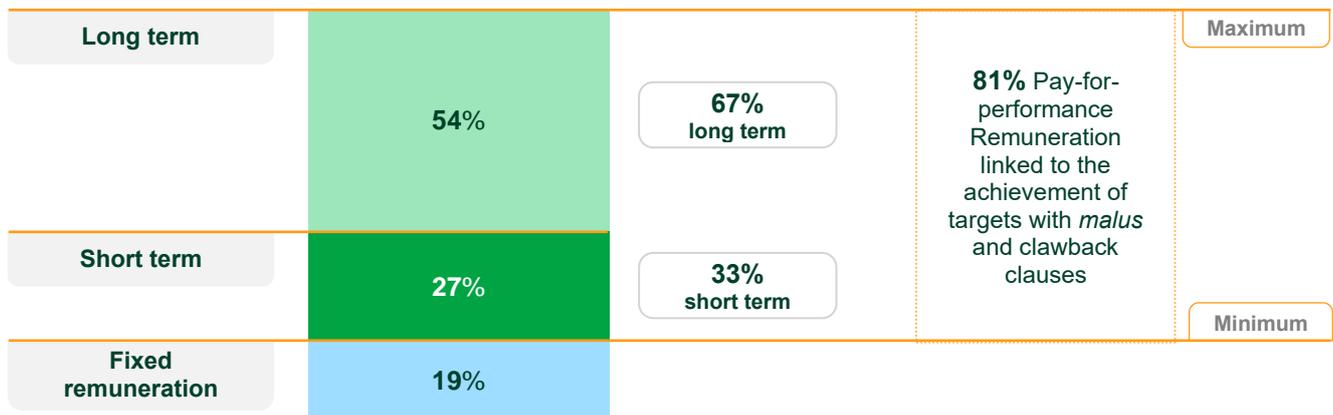


Remuneration mix that seeks the creation of value considering all stakeholders and linked to the Company's performance, with establishment of challenging and clear objectives

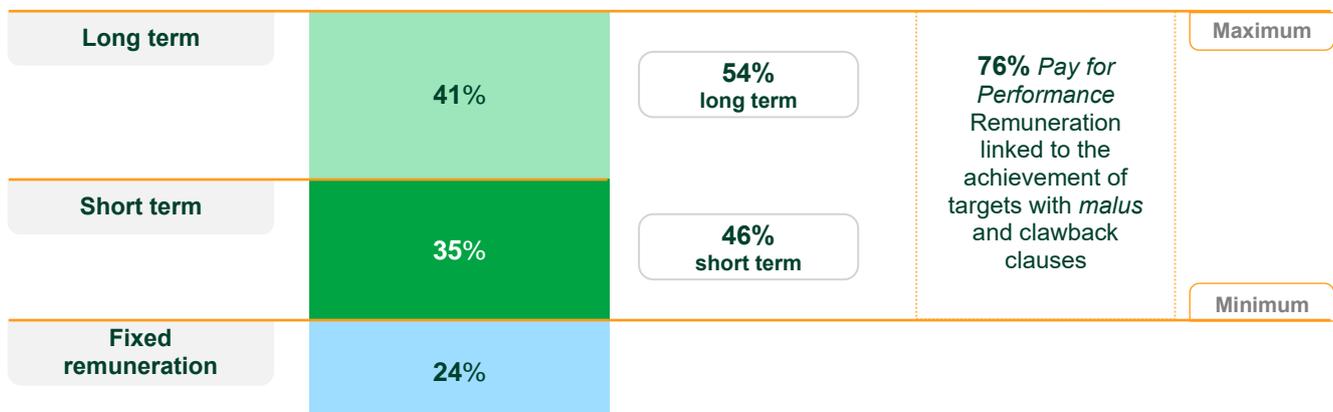
The objectives to which the variable remuneration of the executive chairman and the chief executive officer are linked, described in Section **A.1.6** of this Report, project an ambitious and challenging scenario for the Company, which is not satisfied with simply continuing its profitable growth, being financially sound and being sustainable, but rather seeks to continue strengthening its global leadership in the energy transition and in decarbonisation.

The specific weights of each element of the remuneration mix for financial year 2025, which remain unchanged compared to 2024:

Executive chairman

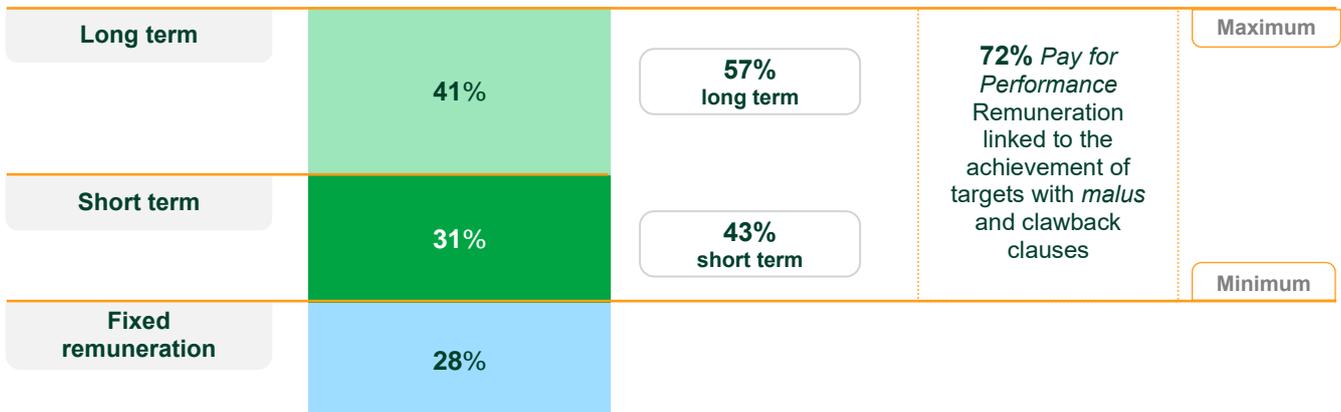


Chief executive officer





Other officers



In order for officers to be entitled to receive the 2023-2025 Strategic Bonus, in addition to meeting the objectives, the beneficiary must have achieved their personal objectives and, therefore, have received annual variable remuneration in the three financial years of the evaluation period. Without prejudice to the foregoing, if the level of performance of the beneficiary during the evaluation period is considered insufficient, the beneficiary shall not be entitled to receive the 2023-2025 Strategic Bonus.

With respect to "Other officers", it should be noted that management personnel and other professionals of the Iberdrola group assigned to divisions or areas that report functionally to the Audit and Risk Supervision Committee or to the Sustainable Development Committee do not participate in annual variable remuneration systems, nor are they beneficiaries of the long-term incentive, including those of Internal Audit and Risk and Compliance, in order to ensure the necessary autonomy and independence of these functions, which are part of the second and third lines of defence, and to strengthen the effectiveness of the internal control system of the Iberdrola group.

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

Actions taken by the Company to reduce exposure to excessive risk and to strengthen alignment with the long-term objectives, values and interests of the Company

The following measures reduce exposure to excessive risks and strengthen alignment with the long-term objectives, values and interests of the Company:



- Iberdrola's Remuneration Committee is currently composed of three members, 67% of whom are independent directors (two members) and 33% are external directors (one member).
- The Remuneration Committee is responsible for proposing, reviewing, analysing and implementing the Director Remuneration Policy.
- The Remuneration Committee performs an appropriate assessment of the independence of the external advisor if the participation thereof is required for the preparation of the Director Remuneration Policy.
- The Remuneration Committee proposes to the Board of Directors the system and amount of the annual remuneration of the directors, as well as the individual remuneration of the officers and the other basic terms and conditions of their contracts, including any potential compensation or severance payment that may be established in the event of removal.
- For short- and long-term variable remuneration, the Remuneration Committee proposes to the Board the cancellation or reimbursement of remuneration that has been paid to the respective beneficiaries.
- The Company's Audit and Risk Supervision Committee is involved in the process of assessing whether the remuneration system encourages excessive or inappropriate risk-taking. This evaluation takes into account the nature of Iberdrola's risks in the design of variable remuneration plans.
- The Sustainable Development Committee participates in the process of assessing the appropriate translation of the Company's sustainable development strategy into the remuneration system, with special emphasis on environmental, social and corporate governance and regulatory compliance policies. This evaluation takes into account Iberdrola's commitment to sustainable development in the design of variable remuneration plans.
- There is no guaranteed variable remuneration with risk measures whereby no variable remuneration is paid if the minimum threshold of achievement is not reached. A maximum payment limit that cannot be exceeded is also established.

Measures taken in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the Company and which have been adopted to avoid conflicts of interest:

- As regards short-term variable remuneration, the officers of the Iberdrola group assigned to divisions or areas that report functionally to the Audit and Risk Supervision Committee or the Sustainable Development Committee, including the Internal Audit and Risk and Compliance Committees, in order to ensure the necessary autonomy and independence of this function, which is part of the second and third lines of defence and reinforces the effectiveness of the internal control system of the Iberdrola group, do not participate in annual variable remuneration systems.
- As regards long-term variable remuneration, the officers and other professionals of the Iberdrola group attached to divisions or areas that report functionally to the Audit and Risk Supervision Committee or the Sustainable Development Committee, including Internal Audit and Risk and Compliance, may not participate as beneficiaries of the 2023-2025 Strategic Bonus, in order to ensure the necessary autonomy and independence of these functions that form part of the second and third lines of defence and to reinforce the effectiveness of the internal control system of the Iberdrola group.



Long-term results

The broad lines of the Remuneration Policy are consistent in two key respects:

1. Fully aligned with the creation of sustainable shareholder value

- **Shareholding policy:**

For directors in their capacity as such, it is established that at least an amount equivalent to 20% of the annual fixed remuneration per year of their term of office shall be maintained for a cumulative period of four years.

For officers, the period during which they may not transfer ownership of the shares received is set at four years unless an amount equivalent to at least twice their fixed remuneration is maintained.

- **Pay for performance:** a portion of total officer remuneration is variable and subject to the achievement of objectives linked to the business strategy and the long-term interests and sustainability of the Company.

- **Delivery of shares:** long-term variable remuneration is implemented through deferred share delivery plans linked to the achievement of long-term objectives, which are submitted *ex ante* to the approval of the shareholders at the General Shareholders' Meeting.

These plans have a duration of six years (three for performance evaluation and three for payment) and are granted every three years rather than annually, which ensures that there is no overlap.

2. Not short term, long-term commitment to the Company's business enterprise

The Policy promotes a long-term sustainable remuneration system and maintains a reasonable balance between the different elements that make up remuneration, reflecting an appropriate assumption of risk that contributes to recruiting, retaining, motivating and developing the best talent.

For officers, the specific features of the Policy that ensure consistency with long-term strategy, interests and sustainability focused on the achievement of long-term results are as follows:

- Total remuneration of the officers is mainly comprised of: (i) fixed remuneration (ii) short-term variable remuneration (annual bonus) and (iii) long-term variable remuneration (strategic bonus).
- Total remuneration is designed in such a way as to recruit and retain the best talent and align their conduct with the interests of the Iberdrola group and the achievement of its business strategy, promoting long-term sustainability, in accordance with best practices.
- An appropriate balance is struck between fixed and variable components of remuneration: the officers have a variable remuneration system with risk measures to ensure that no variable remuneration is paid if they do not meet the minimum threshold of achievement. A maximum payment limit that cannot be exceeded is also established.



- The weight of variable remuneration, both short and long term, for the 2025 annual payment, in a scenario of maximum target achievement, is 81% for the executive chairman and 76% for the chief executive officer. The above pay-for-performance percentages are remuneration connected to the achievement of objectives linked to the business strategy and to the long-term interests and sustainability of the Company.
- The long-term incentive is designed as a multi-year plan with deferred delivery of shares that seeks to encourage commitment to the long-term strategic objectives of the Iberdrola group, aligning part of the remuneration with the creation of value and profitability for the shareholder, as well as with the sustainable achievement of the Company's strategic objectives and the maximisation of its social dividend.
- The officers may not transfer ownership of shares received for a period of four years unless they hold an equivalent amount of at least twice their annual fixed remuneration (shareholding policy).
- Both short- and long-term variable remuneration is subject to the application of clauses for the cancellation (*malus* clauses) or reimbursement (clawback clauses) of variable remuneration.

Measures to avoid potential conflicts of interest

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

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

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

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

The Director Remuneration Policy includes among its basic principles proportionality with risk measures in the remuneration systems, which establishes maximum limits to any variable remuneration and **appropriate mechanisms for the Company to cancel (*malus* clause) or obtain the reimbursement (*clawback* clause) of the variable components of remuneration (both short and long term)**. The Board of Directors may cancel or reclaim variable components of remuneration in the event of a material restatement of the financial statements not reflecting a change in accounting standards, situations of fraud or serious breach of law declared by final court decision, as well as misconduct, understood as inappropriate or unethical behaviour, such as a violation of



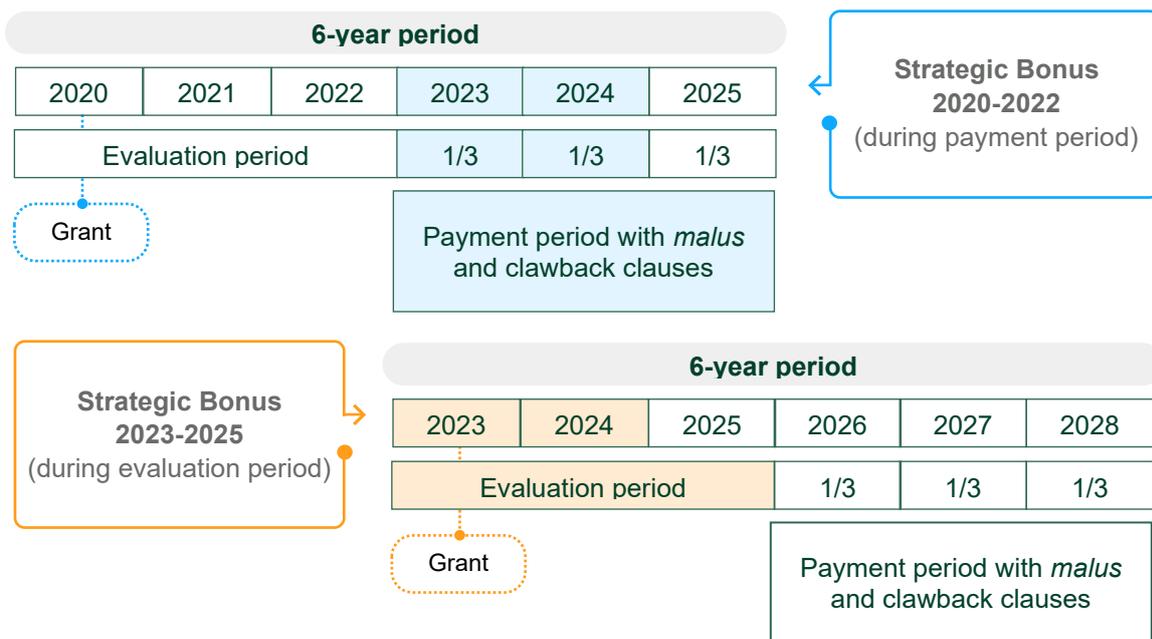
company policies or poor risk management, which may not necessarily entail legal repercussions, but which may nevertheless cause damage to the reputation of the company.

In this regard, with regard to **short-term variable remuneration**, the Board of Directors, following a report from the Remuneration Committee, shall evaluate whether it is appropriate to confirm or cancel all or part of the corresponding payment and, furthermore, if applicable, to claim reimbursement, in whole or in part, of the paid financial amounts of the aforementioned remuneration in such cases.

If appropriate, the Company shall decide on the amount of money to be returned within a period of **thirty (30) days**.

For its part, Iberdrola's **long-term variable remuneration** system has a **duration of six years**, of which the initial period of three years constitutes the period for evaluation of the level of achievement in relation to the parameters to which the plan is linked and the following three financial years its payment period, which occurs through the delivery of shares.

Therefore, the delivery of shares under the multi-annual variable remuneration system is deferred for three years.



In this regard, on occasion of each delivery of shares, the Board of Directors, following a report from the Remuneration Committee, shall assess **whether it is appropriate to confirm or cancel, in whole or in part**, the payment corresponding to each financial year and, in addition, if applicable, to **claim reimbursement, in whole or in part**, of the shares already delivered (or the amount thereof in cash) in the event of a material restatement of the financial statements on which the Board of Directors based its assessment of the level of achievement, provided that such restatement is confirmed by the external auditors and is not due to a change in accounting regulations, and provided that such restatement results in the delivery of fewer shares than initially made or no delivery at all, situations of fraud or serious violation of law declared by a final court ruling, as well as misconduct, understood as inappropriate or unethical behaviour, such as a violation of company policies or poor risk management, which may not necessarily entail legal repercussions, but which may nevertheless cause damage to the company's reputation.



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

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

For each delivery of shares, prior to accrual and payment, deferred variable remuneration requires a report from the Remuneration Committee confirming that the rationale **supporting such deferred variable remuneration** still applies. If there is a circumstance that subsequently requires a correction of the parameters taken into consideration during the initial evaluation, the Board of Directors will decide whether to cancel payment of the deferred variable remuneration in whole or in part (*malus* clauses), and even to demand the total or partial return of amounts already paid (clawback).

In order for officers to be entitled to receive the 2023-2025 Strategic Bonus, in addition to meeting the objectives, the beneficiary must have achieved their personal objectives and, therefore, have received annual variable remuneration in the three financial years of the evaluation period. Without prejudice to the foregoing, if the level of performance of the beneficiary during the evaluation period is considered insufficient, the beneficiary shall not be entitled to receive the 2023-2025 Strategic Bonus.

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

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

1. The **maximum aggregate amount** of annual remuneration to be paid to all directors in their capacity as such is **€9,000 thousand** during each financial year that this Policy is in force, which includes:
 - Fixed remuneration and attendance fees.
 - Benefits.
 - Commitment not to compete.

The maximum aggregate amount **has remained unchanged** since 2008.

2. In their capacity as such, the directors receive a **fixed annual amount**, appropriate to the dedication and responsibility assumed, depending on the positions they hold on the Board of Directors and the committees to which they belong.
3. A **permanent shareholding policy** is established for directors in their capacity as such, of at least **an amount equivalent to 20% of the annual fixed remuneration** per year in office, to be **held** for a **cumulative period of four years**.



For financial year 2025, the Remuneration Committee has continued to work to ensure that the dedication and responsibility assumed by the directors in their capacity as such is adequately rewarded, in order to maximise the creation of sustainable long-term value and commitment to the Company's *Purpose and Values*.

In order to ensure its adjustment to the increase in responsibilities and workload, as well as to the size, internationalisation and complexity of the Company and to be competitive for the creation of value, recruitment and loyalty of qualified members with significant international experience, the Remuneration Committee, with the advice of an independent external party, has performed a comparative analysis (benchmark) of the total remuneration of the directors for membership on the Board of Directors and the committees thereof, according to the position held in each case, concluding that for **2025 the amounts remain unchanged** as follows:

Fixed remuneration of directors for membership on the Board of Directors Board of Directors and the committees thereof	
	(€ thousands per year)
Chairman of the Board of Directors	600
Vice-Chair of the Board of Directors	480
Committee chair	440
Member of the Board of Directors ⁽¹⁾	200
Per member of each committee	100

⁽¹⁾ Non-cumulative with previous positions

Attendance fees for attending meetings of the Board of Directors and of the committees thereof	
	(€ thousand per meeting)
Chairman of the Board of Directors	6
Vice-Chair of the Board of Directors	4
Chair of a committee	6
Members of the Board of Directors and of the committees thereof	4

⁽²⁾ The Regulations of the Board of Directors provide that the Board of Directors must meet at least 8 times per year and the Executive Committee meets on average 12 times per year. The regulations of each of the committees provide for a maximum of 7 meetings per year, except for the Audit and Risk Supervision Committee.



Shareholding policy

The Director Remuneration Policy provides for a commitment to permanently hold shares (shareholding policy) for directors in their capacity as such, of at least an amount equivalent to 20% of the annual fixed remuneration per year in office, to be held for a cumulative period of four years.

At year-end 2024, all directors meet and exceed the minimum amount required. This commitment reflects the directors' confidence in the business strategy and aligns the interests of the directors with those of the shareholders, demonstrating their long-term commitment and encouraging the sustainable creation of value in the Company.

Details regarding the number of Iberdrola shares at 31 December 2024 are provided in section **B.5** of this Report.

A.1.4.

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

The executive chairman and the chief executive officer shall be entitled to receive fixed remuneration for the dedication and responsibility involved in the performance of their duties.

The executive chairman Mr José Ignacio Sánchez Galán and the chief executive officer Mr Armando Martínez Martínez are the two directors who receive fixed remuneration for senior management functions.

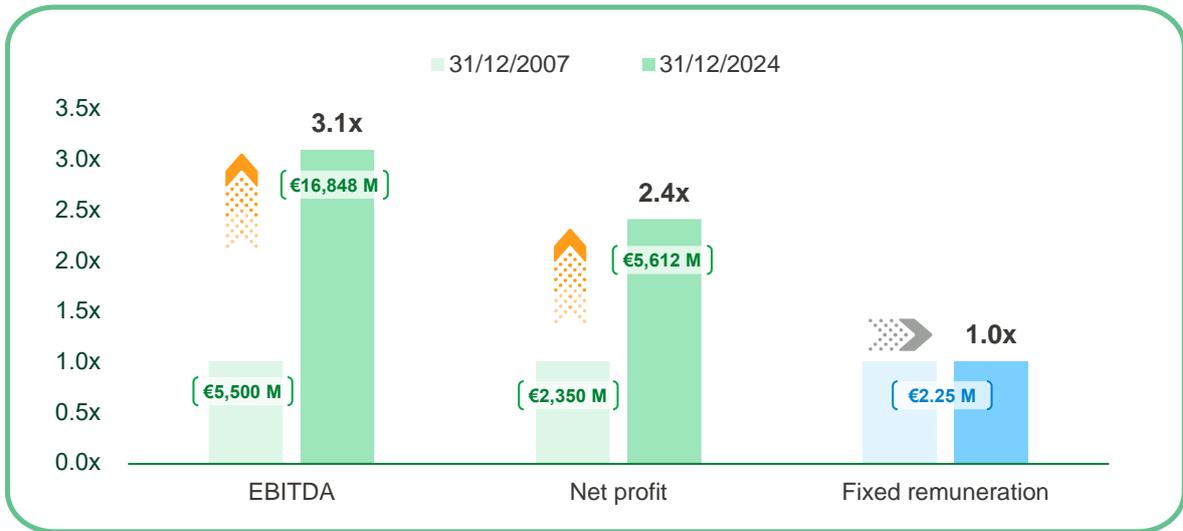
- **2025 Amount**

The Board of Directors, upon a proposal of the Remuneration Committee, approved maintaining unchanged the fixed remuneration of the executive chairman and of the chief executive officer for 2025, in the following amounts:

Executive chairman €2,250 thousand and chief executive officer €1,000 thousand.

- **Trends**

Between 2008 and 2024, Iberdrola has significantly increased its international presence, operating in multiple markets to become a global player in the energy sector. During this period, the Company managed to triple its EBITDA and double its net profit.



Despite this continued positive evolution of Iberdrola’s results, it should be noted that the fixed remuneration of the **executive chairman has remained unchanged since 2008**.

The fixed remuneration of the **chief executive officer has remained unchanged since his appointment on 25 October 2022**.

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

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

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



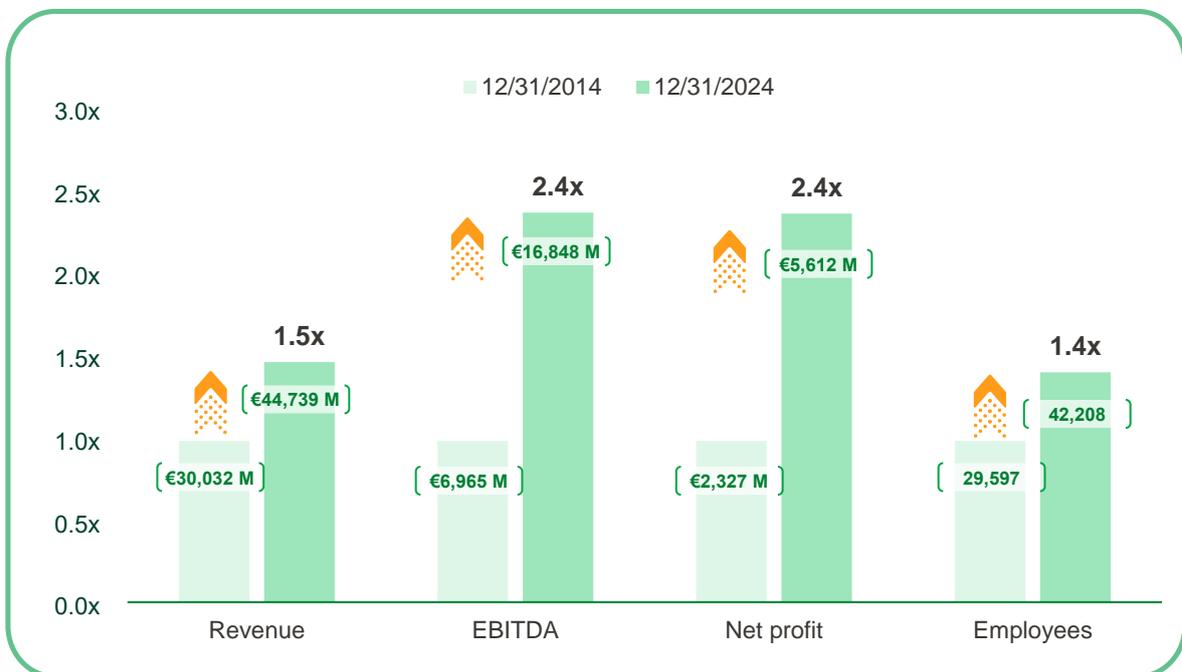
A.1.6.

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

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

The only directors that receive variable remuneration are the executive chairman and the chief executive officer.

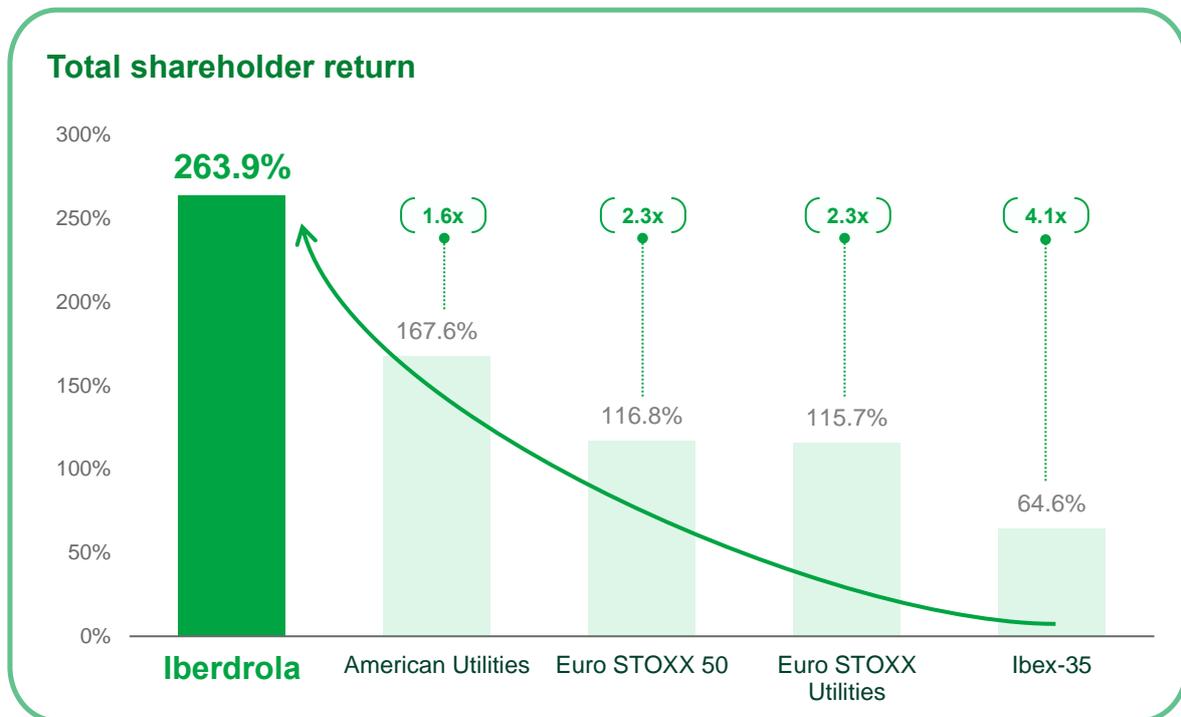
During 2024 the Remuneration Committee continued to analyse the dedication and responsibilities assumed by the directors, as well as the size, internationalisation and complexity of the Company over the **past 10 years**.



Capitalisation has increased from **€35,756 million** at year-end 2014 to **€84,645 million** in 2024, which represents an increase of **2.4x**. It should be noted that during the last financial year alone, capitalisation has increased by **1.12x**.



Since 2014 Iberdrola has **significantly outperformed the total shareholder return** compared to the average total return of the **top three American utilities** by capitalisation (NextEra Energy, Duke Energy and The Southern Company), to the total return of the European index (**EURO STOXX 50**), to the total return of the European industry index (**Euro STOXX Utilities**), and to the average total return of the Spanish market index (**Ibex-35**).



Short-term variable remuneration (annual bonus)

Purpose

Short-term variable remuneration is intended to incentivise the achievement of the group's annual objectives and those specific to the position, **aligning dedication and efforts with the business strategy**. These objectives are established through metrics whose level of achievement determines the performance of the officers and are evaluated by an independent external third party.



2025 Metrics

Short-term variable remuneration is subject to the achievement of predetermined, specific, measurable, challenging and clear quantitative and qualitative strategic objectives that are disclosed *ex post* due to the strategic sensitivity of the objectives set.

Financial objectives

The short-term objectives include Iberdrola's strategic pillars, which are based on:

- Priority investments in regulated networks.
- Selective investments in renewables.
- Countries with high credit ratings.

This is based on a total commitment to **financial strength**, the **dividend**, **sustainability** and maintaining the approved business model.

Sustainability objectives

The integration of sustainability into the business model has been a constant feature of Iberdrola for more than 20 years, and has become a pillar of growth.

Iberdrola's strategy regarding its sustainability objectives is articulated around five priorities.

The first of these is at the centre, the core of the business, and is the commitment to the promotion of electricity as the best possible energy source. The most autonomous, local and secure source available, capable of providing long-term stability and competitiveness. To make this possible, Iberdrola is committed to the decarbonisation of its activities, innovation and digitalisation, all backed by its leadership in sustainable financing, which allows it to articulate these commitments.

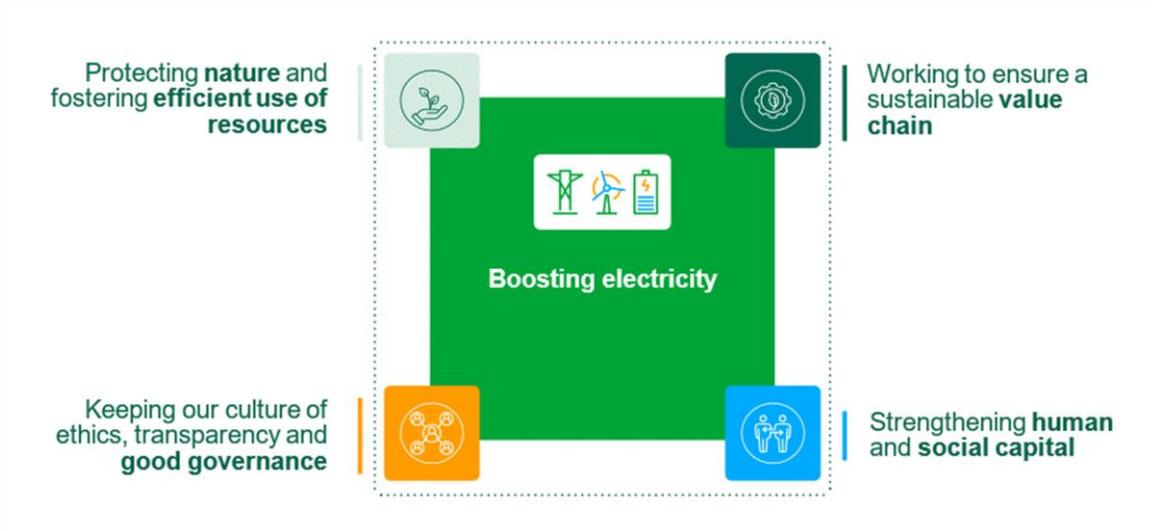
The Company also has four other priorities integrated into its operations:

- The protection of nature in the construction of a sustainable energy model, where the conservation, protection and promotion of biodiversity and the sustainable and efficient use of resources are integrated in all its activities and processes.
- The commitment to a sustainable value chain, seeking to ensure that suppliers accompany the company on this path and, at the same time, integrating sustainability into the products and services offered to customers.





- The strengthening of human and social capital for mutual benefit.
- A strong culture of ethics and good governance, including stakeholder management and human rights due diligence.



Achievement scale

Each metric has a related achievement scale where a minimum threshold and an upper limit are set. If the minimum compliance level is not reached, no annual variable remuneration will accrue and if a compliance level above the maximum limit is reached, no annual variable remuneration will accrue with an achievement percentage above 100%, without generating additional payments for over-compliance levels. For each of the metrics, any intermediate results will be calculated by linear interpolation.



- **Executive chairman**

Financial objectives



Sustainability objectives



Financial objectives - specific weight of 75%:

- **Net profit** (weight of 30%)

The foregoing, the net profit metric has a level of importance for the Company that requires annual evaluations, as well as measuring its compliance over 3-year periods, in accordance with the group's strategy, which allows meeting the payout ratio relative to increasing shareholder remuneration to 0.61-0.66 euro/share.

The annual evaluation makes it possible to check the recurrence of the result.

This is a key metric for determining shareholder remuneration, given Iberdrola's commitment to increase shareholder remuneration in line with the growth in net profit.

- **Increase shareholder remuneration in line with the increase in net profit** (weight of 22.5%)

As established in the Shareholder Remuneration Policy, "The remuneration of the Company's shareholders (pay-out), whatever the methods of payment thereof, must be sustainable, compatible with the maintenance of the Company's financial strength and in line with that of companies having a similar business profile". Specifically, it states that "it shall be between 65% and 75% of the net profit attributed to the Company, as controlling company, in its consolidated annual accounts".



In application of the Shareholder Remuneration Policy and in line with what has happened in the last 5 years, the payout distributed by the Company will consistently be in the highest range contemplated in the aforementioned Policy.

- **Financial strength** (weight of 22.5 %)

Once again this year, the target solvency ratio will enable the Company to meet the requirements of the rating agencies for the BBB+ credit rating level, ensuring the maintenance of financial strength.

Sustainability objectives - specific weight of 25%:

- **Occupational safety and health** (weight of 10%)

The Company's Board of Directors, recognising the importance of occupational safety, health and well-being for the Company, undertakes to develop the necessary actions with continuous monitoring systems to provide safe and healthy conditions for the prevention of injuries and the promotion of work-related physical, social, mental and emotional health "Zero Harm Policy", appropriate to the purpose, size and context of each organisation and to the specific nature of the risks both at the Company and at the other companies within the group, as well as in their spheres of influence.

- **Sustainable business strategy and presence on indices** (weight of 7.5%)

This corresponds, on the one hand, to approval by the Board of Directors of an annual update of the sustainability strategy, integrated with financial perspectives. This strategy should include an analysis of material aspects and a specification of medium- and long-term objectives and metrics, and will be published.

On the other hand, it also corresponds to the Company's strategy and performance, which must be recognised by reputable sustainability rating agencies.

- **Cybersecurity** (weight of 7.5%)

This corresponds to the absence of cybersecurity incidents with a significant impact that takes into account the dimensions of the impact assessment (financial, regulatory/legal, operational, safety and well-being of people, environmental, reputational, information privacy and group purpose and values (other impacts) and the impact levels.

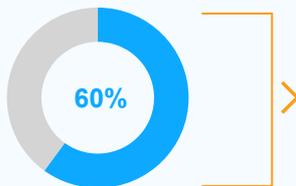
It also corresponds to compliance with cybersecurity action programmes.





• **Chief executive officer**

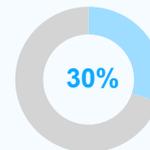
Financial objectives



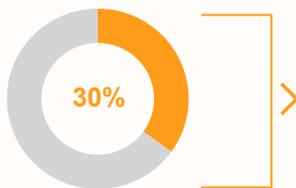
Net profit



Financial strength



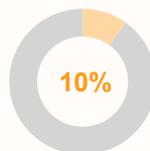
Operational objectives



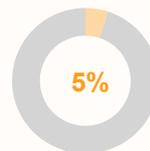
Recognised network assets



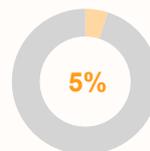
Regulatory aspects



Efficiency in operations



Customers



Sustainability objectives



Workplace health and safety



Cybersecurity



Financial objectives - specific weight of 60%:

• **Net profit** (weight of 30%)

The net profit metric has a level of importance for the Company that requires annual evaluations, as well as measuring its compliance over 3-year periods, in accordance with the group's strategy, which allows meeting the payout ratio relative to increasing shareholder remuneration to 0.61-0.66 euro/share.

The annual evaluation makes it possible to check the recurrence of the result.

This is a key metric for determining shareholder remuneration, given Iberdrola's commitment to increase shareholder remuneration in line with the growth in net profit.



- **Financial strength** (weight of 30%)

Once again this year, the target solvency ratio will enable the Company to meet the requirements of the rating agencies for the BBB+ credit rating level, ensuring the maintenance of financial strength.

Operational objectives - specific weight of 30%:

- **Network assets recognised in the regulated asset base** (weight of 10%)

In line with the strategic pillar of priority investments in regulated networks, growth in network assets recognised in the regulated asset base is established as an annual increase for the investments authorised and approved by the regulator as well as contemplating financial remuneration.

- **Regulatory aspects** (weight of 10%)

Regulation is a key aspect of ensuring the long-term stability of adequate returns on investment. In this regard, regulatory actions are defined regarding key aspects to ensure these returns in accordance with the timetable of the regulators in the various geographical areas.

- **Efficiency in operations** (weight of 5%)

Iberdrola is characterised by the efficiency of its operations. In the desire to increase efficiency, the control of net operating expenses in correlation with gross income is defined as an objective.

Maintaining sufficient efficiency levels is a key aspect of achieving the appropriate levels of cash generation to maintain a strong financial position, as well as to achieve the net profit target, the growth of which is in turn linked to the commitment to shareholder remuneration.

- **Customers** (weight of 5%)

In the competitive environment of recent years, maintaining a high quality of service, the contribution per customer is valued, as well as the linkage in goods and services offered by the group, with control of potential commercial debt.

Sustainability targets - specific weight of 10%:

- **Occupational safety and health** (weight of 5%)

The Company's Board of Directors, recognising the importance of occupational safety, health and well-being for the Company, undertakes to develop the necessary actions with continuous monitoring systems to provide safe and healthy conditions for the prevention of injuries and the promotion of physical, social, mental and emotional health, appropriate to the purpose, size and context of each organisation and to the specific nature of the risks both at the Company and at the other companies within the group, as well as in their spheres of influence.



relating to the “Zero Harm Policy” work, appropriate to the purpose, size and context of each organisation and to the specific nature of the risks at the Company and at the other companies within the group, as well as within their spheres of influence.

- **Cybersecurity** (weight of 5%)

This corresponds to the absence of cybersecurity incidents with a significant impact that takes into account the dimensions of the impact assessment (financial, regulatory/legal, operational, safety and well-being of people, environmental, reputational, information privacy and group purpose and values (other impacts) and the impact levels.

It also corresponds to compliance with cybersecurity action programmes.

These objectives for both the executive chairman and the chief executive officer were approved by the Board of Directors, upon a proposal of the Remuneration Committee, at its meeting on 25 February 2025.

2025 Maximum amount

- **Executive chairman**

The Board of Directors has resolved to **maintain the maximum amount** for 2025 at the same ceiling as in 2024. The maximum limit of annual variable remuneration is **144% of the annual fixed remuneration** and will be reached in the event of 100% compliance with the pre-established objectives, which is lower than the maximum limit established in the current Policy, which is 150% of the executive chairman’s fixed remuneration for that financial year.

- **Chief executive officer**

The Board of Directors has resolved to **maintain the maximum amount** for 2025 at the same ceiling as in 2024. The maximum limit of the annual variable remuneration is **150% of the annual fixed remuneration** and will be reached if 100% of the pre-established objectives are met.



Operation

The Remuneration Committee evaluates the performance of the executive chairman and the chief executive officer, for which purposes it may rely on the advice of an independent expert, and submits a reasoned proposal to the Board of Directors for approval thereof.

The annual variable remuneration is paid entirely in cash once the annual financial statements have been prepared by the Board of Directors and subsequently audited. The Board of Directors shall also consider the overall financial and operational performance of the Company in evaluating performance.

Malus and clawback clauses

Possible cancellation of pending payments and reimbursement of the amounts delivered (*malus* and “clawback clauses”).

The cases that trigger *malus* and clawback clauses, as well as the internal application procedures, are described in section **A.1.2** of this report.

Long-term variable remuneration (strategic bonus)

Purpose

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



Plans in effect: 2020-2022 Strategic Bonus (in payment period)

During financial year 2025, and upon a report from the Remuneration Committee, there will be a third delivery of shares corresponding to the payment of the 2020-2022 Strategic Bonus approved at the General Shareholders' Meeting held on 2 April 2022 on the terms described in Section B.7 of this Report.

The Remuneration Committee has **confirmed the validity of the grounds for the payment of the third and final instalment.**

This annual accrual and the corresponding payment thereof has been approved by the Iberdrola's Board of Directors at its meeting held on 25 February 2025, following a report from the Remuneration Committee.

Plans in effect: 2023-2025 Strategic Bonus (in evaluation period)

At the General Shareholders' Meeting held on 28 April 2023 the shareholders approved the 2023-2025 Strategic Bonus as a long-term incentive linked to the Company's performance in relation to certain parameters, any payment of which will occur during 2026-2028. **The 2023-2025 Strategic Bonus was approved at the General Shareholders' Meeting with a 92% level of votes in favour.**

Management personnel and other Iberdrola professionals who are deemed to make a decisive contribution to the creation of sustainable value due to their position or responsibility within the Company may participate as beneficiaries in the 2023-2025 Strategic Bonus.

The officers and other professionals of the Iberdrola group attached to divisions or areas that report functionally to the Audit and Risk Supervision Committee or the Sustainable Development Committee, including Internal Audit and Risk and Compliance, may not participate as beneficiaries of the 2023-2025 Strategic Bonus, in order to ensure the necessary autonomy and independence of these functions that form part of the second and third lines of defence and to reinforce the effectiveness of the internal control system of the Iberdrola group.

Like the preceding 2020-2022 Strategic Bonus, the number of beneficiaries of the 2023-2025 Strategic Bonus will not exceed a maximum of 300 people.

The maximum number of shares to be delivered to all the beneficiaries of the 2023-2025 Strategic Bonus shall be equal to the 14,000,000 shares established in the 2020-2022 Strategic Bonus, equal to 0.22% of the share capital, of which approximately 2,500,000 shares, equivalent to 0.04% of the share capital, will correspond to the executive chairman and the chief executive officer.

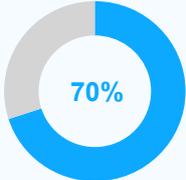
These bonuses are not implemented by means of capital increases or similar instruments.



2025 Metrics

The Company's performance at 31 December 2025 will be assessed on the basis of the following financial, operational and sustainability parameters, which project an ambitious and challenging scenario for a company that is not content to continue its profitable growth, financially sound and committed to sustainability, but seeks to further strengthen its leadership in the global electricity sector in the energy transition and decarbonisation.

The metrics established for the 2023-2025 Strategic Bonus were aligned with the strategy announced by Iberdrola at its November 2022 meeting with investors, which was positively received by the market, and are as follows:

Financial objectives		Weight	Minimum 0%	Maximum 100%
	Consolidated net profit at year-end 2025	30%	€5,000 M	€5,400 M
	Total Shareholder Return (TSR) compared to the Euro STOXX Utilities index	20%	Index – 5 p.p.	Index ≥ 5 p.p.
	Maintain the Company's financial strength as measured by the long-term credit ratings at year-end 2025	15%	Two agencies < BBB+ or Baa1	Two agencies BBB+ or Baa1
	Sustainable financing, measured as the percentage that new sustainable financing issued between 2023 and 2025 represents of the total new financing issued during that period	5%	< 80%	≥ 80%

Sustainability objectives		Weight	Minimum 0%	Maximum 100%
	Average intensity of specific CO ₂ emissions by year-end 2025	10%	> 88 gr CO ₂ kWh	≤ 70 gr CO ₂ kWh
	Number of suppliers subject to sustainable development policies and standards by year-end 2025	10%	< 80%	≥ 85%
	Equal opportunities in senior positions.	10%	< 26%	≥ 30%





1. Exceed the current Outlook. A target of **consolidated net profit** of €5,400 million is established for the Iberdrola Group in 2025, representing an increase of approximately 25% over the Iberdrola Group's record consolidated net profit achieved in 2022. This parameter will be deemed not to have been met if the consolidated net profit for financial year 2025 does not reach the previous record of €5,000 million, despite the difficult macroeconomic context and geopolitical instability.

The specific weight in the overall performance evaluation in the 2023-2025 period will be 30% for the Iberdrola Group's consolidated net profit parameter.

2. **Increase total shareholder return** of the Company during the 2023-2025 period compared to total shareholder return for the Euro STOXX Utilities Index. The objective is to once again outperform the Euro STOXX Utilities Index by at least 5 percentage points over the 2023-2025 period, an ambitious target considering the geographic diversification of the businesses of the Iberdrola Group's companies. **As not all participants in this Index are exposed to the same volatility** in share prices, given the limited exposure of companies like Iberdrola to different economic regions, the Remuneration Committee has deemed it necessary to take this volatility into account when defining this metric.

It shall be deemed that this parameter is not met if the Company's total shareholder return is at least 5 percentage points less than the return for the Euro STOXX Utilities Index.

The specific weight in the overall performance evaluation in the 2023-2025 period will be 20% for the Company's total shareholder return parameter.

As part of the ongoing process of interaction and active listening to stakeholders and as part of the continuous improvement action plan, the Remuneration Committee periodically reviews the situation of the total shareholder return (TSR) metric and, specifically, whether Iberdrola's performance could be lower than the performance of the Euro STOXX Utilities index, and if so, the level of compliance with the minimum threshold.

For this purpose, there has been an analysis of:

- Whether in the period from the evaluation period of the 2023-2025 Strategic Bonus until the end of financial year 2024, the return obtained by Iberdrola's shareholders exceeds the return obtained by the Euro STOXX Utilities index by 11.64 percentage points.





- Whether in the two preceding multi-year variable remuneration plans, i.e., the 2017-2019 Strategic Bonus and the 2020-2022 Strategic Bonus, the return obtained by Iberdrola's shareholders in both cases exceeded the return obtained by the Euro STOXX Utilities index by 5 percentage points, meeting the target at 100%.

	TSR performance		
	2017-2019 (*)	2020-2022 (*)	Intermediate situation 01/01/2023 - 31/12/2024 (*)
Iberdrola	64.80%	32.85%	31.28%
Euro STOXX Utilities	59.40%	13.94%	19.64%
Result	Index +5.35 p.p.	Index +18.92 p.p.	Index +11.64 p.p.

(*) Data without reinvestment of dividends in the security.

3. Parameters relating to **financial targets**.

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

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



4. Parameters relating to **sustainability goals**:

In establishing the sustainability objectives for the 2023-2025 Strategic Bonus, Iberdrola has taken into account the environmental, social, governance and financial dimensions contained in its materiality matrix.

The most relevant and significant issues for stakeholders and for the Company itself, helping to focus efforts on areas that are critical to sustainability and long-term success, ensuring that the most important issues for stakeholders and for the Company itself are addressed, are climate change, biodiversity, circular economy, safety and health, human capital, communities, cybersecurity, supply quality, responsible supply chain, ethics and good governance.

- a. **Reduction of the Iberdrola group's specific CO₂ emissions intensity**, as a benchmark linked to affordable, clean energy and climate action. This parameter will be deemed to have been met if, considering a normal rainfall period, a level of 70 grCO₂/kWh or less is achieved in the intensity of own CO₂ emissions in 2025. This goal represents a demanding 27% reduction compared to the Iberdrola Group's 2021 specific CO₂ emissions intensity and an even greater reduction compared to the 200 grCO₂/kWh of the average 2021 specific CO₂ emissions intensity of all the electricity companies on the Euro STOXX Utilities Index. This parameter will be deemed not to have been met if the specific CO₂ emissions intensity in 2025 exceeds 88 grCO₂/kWh.
- b. **Increase the number of suppliers subject to sustainable development policies and standards**, such as having: (i) a human rights strategy; (ii) a code of conduct for suppliers; (iii) health and safety standards; and (iv) a comprehensive environmental sustainability strategy, including water, energy and biodiversity strategies. The goal is to ensure that by 2025, at least 85% of the Iberdrola Group's main suppliers (those billing the Iberdrola Group more than one million euros) are subject to these policies, which represents an increase of 6.25% compared to year-end 2022. This parameter will be deemed not to have been met at year-end 2025 if the percentage is less than 80% (corresponding to the percentage of sustainable main suppliers of the Iberdrola Group at year-end 2022).

The goal of promoting good sustainability practices in the supply chain is closely aligned with Iberdrola's strategy. As a global leader, Iberdrola should work with suppliers of equipment, works and services that share these values and sustainable practices. Iberdrola's strategy is based on a demanding investment plan that requires a supply chain that not only guarantees the availability of equipment and



the means required for the development thereof, but also that it complies with demanding levels of sustainability consistent with those of the Company.

Iberdrola must have a secure supply chain that can cope with disruptions caused by environmental or health catastrophes or geopolitical conflicts. The objective of sustainability traction for suppliers aims to enable many of them to upgrade their business practices, putting them in a better position to work with the most demanding customers and to qualify for differentiating features such as green financing. Monitoring suppliers on sustainability will enable Iberdrola to reduce risks and exposure to potential reputational impacts arising from the supply chain.

- c. **Equal opportunity in positions of importance** within the Iberdrola group, corresponding to management positions in accordance with the reduction of inequalities, prioritising the strengthening of human and social capital as a central pillar of Iberdrola's organisational culture.

This objective is aligned with the best market practices, responding to stakeholder expectations and complying with the legislative requirements established in the area of equality. Iberdrola strengthens its commitment to sustainability and social responsibility, ensuring that its leadership reflects the communities it serves. This initiative contributes significantly to attracting and retaining the best talent in the energy sector, thus consolidating Iberdrola's position as a leader in sustainability and social responsibility.

The specific weight will be 30% for parameters relating to sustainability. Each of the three indicators will contribute 10 percentage points.

The intermediate values of each of the parameters will be calculated by linear interpolation.

Maximum amount

Maximum number of shares to be delivered for the entire 2023-2025 Strategic Bonus:

- **Executive chairman**
 - Up to a maximum of 1,900,000 shares.
- **Chief executive officer**
 - Up to a maximum of 500,000 shares.

These shares will be delivered through shares purchased in the market, and not through the issue of new shares.



Operation

Duration: **six years**, with an evaluation period from 2023 to 2025 and a payment period from 2026 to 2028, in equal parts each year.

The Board of Directors, upon a proposal of the Remuneration Committee, which may be assisted by an independent expert, must evaluate the Company's performance regarding the goals described above and determine the level of achievement thereof.

For each share delivery during 2027 and 2028, the Remuneration Committee will confirm the continued validity of the grounds on which the shares are delivered. **Each annual accrual and the corresponding payment thereof will be approved by the Iberdrola's Board of Directors, following a report from the Remuneration Committee.**

In order for officers to be entitled to receive the 2023-2025 Strategic Bonus, in addition to meeting the objectives, the beneficiary must have achieved their personal objectives and, therefore, have received annual variable remuneration in the three financial years of the evaluation period. Without prejudice to the foregoing, if the level of performance of the beneficiary during the evaluation period is considered insufficient, the beneficiary shall not be entitled to receive the 2023-2025 Strategic Bonus.

The officers and other professionals of the Iberdrola group attached to divisions or areas that report functionally to the Audit and Risk Supervision Committee or the Sustainable Development Committee, including Internal Audit and Risk and Compliance, may not participate as beneficiaries of the 2023-2025 Strategic Bonus, in order to ensure the necessary autonomy and independence of these functions that form part of the second and third lines of defence and to reinforce the effectiveness of the internal control system of the Iberdrola group.

Malus and clawback clauses

Possible cancellation of pending payments and reimbursement of the shares delivered (*malus* clause and clawback clauses).

The cases that trigger *malus* and clawback clauses, as well as the internal application procedures, are described in section **A.1.2** of this report.



A.1.7. Long-term savings schemes for officers

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

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

The chief executive officer Mr Armando Martínez Martínez is insured under the group life insurance policy described above, with an undertaking assumed when he was a member of senior management, and which has not been changed as a result of his appointment as chief executive officer. Details of the amount accrued in financial year 2024 by the chief executive officer in respect of long-term savings schemes, from the commitment acquired when he was a member of senior management, are set out in Section **C.1.a)** of this Report.

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

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

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

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

- A director who ends the term of office to which the director was appointed or who, for any other reason, ceases to act as such, may not be a director or officer of, or provide services to, any entity whose object is similar, in whole or in part, to that of the Company or which is a competitor of the Company, for a term of two years. The Board of Directors may, if it deems it appropriate, relieve the outgoing director from this obligation or shorten the period thereof.
- In the event of the cessation in office of a non-executive director who is not a proprietary director (not due to a breach of the director's duties attributable to the director) prior to the end of the term for which the director was appointed, the Board of Directors may, if necessary, compensate him pursuant to a non-competition agreement.



During financial year 2024, although there was a cessation of office of one of the members of the Board of Directors (Ms. María Helena Antolín Raybaud) effective 17 December 2024, no payment for non-competition was made to the directors in their capacity as such.

A.1.9. Contract terms

The basic terms and conditions of contracts for the officers are as follows:

Duration	The contracts of the Company's officers are of indefinite duration.
Applicable legal provisions	<p>The contracts with the officers of the Company are governed by the legal provisions applicable to senior officer special employment relationship agreements or by such special terms and conditions of the common employment system (<i>régimen laboral común</i>) as are determined by the Company or as legally apply from time to time.</p> <p>The legal provisions applicable to the contracts of the executive chairman and chief executive officer are those provided for by the legal system in each case, based on commercial law.</p>
Compliance with the Governance and Sustainability System	All of the officers of the Company have the duty to strictly observe the rules and provisions contained in the Company's Governance and Sustainability System to the extent applicable thereto.
Non-compete clause	<p>The contracts with the officers in all cases establish a duty not to compete with respect to companies and activities that are similar in nature to those of the Company and of the other companies of the Group, during the term of their relationship with the Company and for a period of not less than one year following termination thereof, and also provide for payment, for each year of duration of such agreement not to compete, of an amount equal to 50% of the fixed remuneration received during the last full financial year.</p> <p>The contractual relationship with the executive chairman establishes a duty not to compete with respect to companies and activities that are similar in nature to those of the Company during the term of his relationship with the Company and for a period of three years after the termination of the contract. In compensation for this commitment, he is entitled to a severance payment equal to two years' remuneration, as indicated in section B.11.</p> <p>In the case of the chief executive officer, during the term of the contract and for one year after the termination thereof. In compensation for this post-contractual commitment not to compete, he is entitled to compensation equal to one times annual his annual fixed remuneration, which is in any case included in the severance payment for termination of contract, if one exists.</p>
Confidentiality and return of documents	A rigorous duty of confidentiality is established, which must be assumed by the professional and complied with both during the term of the contract and once the relationship has terminated, with the Company reserving the right to bring such legal actions as may be appropriate to defend its interests. In addition, the officer must return to the Company any documents and items relating to the professional's activity that are



in the possession thereof upon termination of the relationship with the Company, in accordance with such terms and conditions as are set forth by the Company.

Severance pay

The contracts of the officers contemplate financial compensation in the event of termination of the contractual relationship with the Company, provided that such termination does not occur exclusively due to the professional's decision to withdraw or as a result of a breach of the duties thereof. The amount of the severance payment is established in accordance with length of service and the reasons for the professional's withdrawal from office, up to a maximum of five times annual salary.

Since 2011, for new contracts signed with officers, the limit on the amount of severance pay is two years' salary, and as at 31 December 2024 there are a total of 10 contracts with a severance pay limit higher than two years' salary, which means that from 2001 to 31 December 2024, the number of officers with a severance pay limit higher than two years' salary has been reduced by more than 100.

When the current **executive chairman** joined the Company in 2001, the Company included clauses in the contracts with its key officers providing for severance pay of up to five times annual salary in order to achieve an effective and sufficient level of loyalty. Although the treatment in effect for such officers was applied to him at that time, he would currently be entitled to two times annual remuneration as severance pay for instances in which a severance payment was required for termination of contract, as indicated in Section B.11.

The **chief executive officer** is entitled to receive severance pay equivalent to two times annual remuneration in the event of termination of his relationship with the Company, provided that said termination is not due to a breach attributable to the beneficiary or solely due to a voluntary decision thereof. This severance payment for termination of contract includes compensation for the commitment not to compete.

From 2001 to 31 December 2024, the number of officers with a severance pay limit exceeding two annual salary amounts has been reduced by more than 90%.

Application of *malus* and clawback clauses

Provided for in contracts with the Company's officers, both for short-term variable remuneration and long-term variable remuneration.

A.1.10.

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

There is no supplementary remuneration.

A.1.11.

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

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



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

The Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 17 June 2024 provides that officers of the Group who hold the position of director at companies that are not wholly owned either directly or indirectly by Iberdrola may receive remuneration corresponding to the position from said companies in accordance with their corporate governance rules on the same terms as the other external directors. As regard to AVANGRID, Inc. a resolution is adopted by the relevant board based on the requirements of industry and tax provisions in its jurisdiction, as well as the requirements arising from its recent merger.

Along these lines, it is estimated that during 2025 the executive chairman of Iberdrola will receive an amount equivalent to the amount set forth in Section **C.1.b)** of this Report for his positions as chairman of the boards of directors of Neoenergia, S.A. and AVANGRID, Inc.

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

A.2. Explain the current director remuneration policy applicable to the year in progress

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

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

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

The Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 17 May 2024 has been in force since the financial year of its approval and during financial years 2025, 2026 and 2027.

The Board of Directors, continuing with Iberdrola's devotion to leadership in the energy sector, will take into consideration the information received as a result of the ongoing two-way dialogue between the Company represented by the heads of Investor Relations, Sustainability and the Office of the General Secretary and Secretary of the Board, and in some cases, with the participation of the director authorised for these purposes and its shareholders (retail and institutional) and proxy advisors. The Board of Directors also takes into consideration both the best practices identified at other listed companies and regarding the directors and officers and the general remuneration schemes of the professionals of the Iberdrola group.



The Remuneration Committee in 2024 has reviewed the Policy and concluded that:

- Continues to promote sound remuneration principles and practices to contribute to the achievement of the Company's long-term strategic objectives.
- Complies with best market and corporate governance practices and is aligned with the expectations of shareholders and proxy advisors.
- Is transparent and provides information that is complete, relevant, sufficient and in line with generally recognised good governance recommendations in international markets regarding the remuneration of directors.
- Is a strategic tool for the sustainable creation of value for all stakeholders.

In view of the above, the Remuneration Committee **proposes to maintain the Director Remuneration Policy that was approved by shareholders at the General Shareholders' Meeting held on 17 May 2024**, so there are no significant changes (deriving from a change to the one approved by the shareholder the previous year or major relevant changes in the specific determinations) in the Director Remuneration Policy.

The Remuneration Committee continues to monitor and periodically review the Policy to ensure that it remains in line with the expectations of its shareholders and proxy advisors and with best market and corporate governance practices.

A.3.

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

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



[Access the Director Remuneration Policy](#)

A.4.

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

The consultative vote on the Annual Report on Remuneration of Directors and Officers for 2023 received **92.47% of votes in favour at the 2024 General Shareholders' Meeting**, representing a 4 percent increase in votes in favour compared to the previous year.

This increase in shareholder support reflects the Remuneration Committee's dedication to an ongoing process of interaction with and listening to stakeholders, including institutional investors, retail investors and proxy advisors.

In connection with the Annual Report on Remuneration of Directors and Officers for financial year 2023, the shareholders and proxy advisors noted that the publication of the Report in free-form format made it easier to read, allowing for greater understanding of the remuneration system with greater scope and transparency of the aspects dealt with, improving the overall clarity of the Report and the disclosure of the performance measures established and how Iberdrola compares remuneration with that of other companies.



Remuneration Committee continuously monitors the results of the General Shareholders' Meeting on matters within the purview of the Committee. Following the General Shareholders' Meeting of 17 May 2024, it has analysed the available information on the voting behaviour of certain institutional shareholders of Iberdrola (approximately 70 institutional shareholders representing more than 50% of its shareholders).

Following the vote of the shareholders at the General Shareholders' Meeting held on 17 May 2024, the Remuneration Committee has devoted special attention to the action plan and continuous improvement of the Annual Director and Officer Remuneration Report, highlighting the following measures:

- Analysis of available information on the voting behaviour of the shareholders.
- Analysis of the main expectations of institutional investors, retail shareholders and proxy advisors.
- Analysis of the voting policies of the main investors.
- Analysis of best remuneration practices observed at comparable undertakings and leading global companies.
- Design of an action plan with specific activities, commitments and future requirements in terms of disclosure of information.
- Implementation of improvements in the disclosure of information in the Annual Director and Officer Remuneration Report for financial year 2024

With a view to the 2025 General Shareholders' Meeting, Iberdrola has strengthened the roadshow process in order to encourage greater shareholder participation and to ensure that the information shared is clear, accurate, and accessible, specifically seeking quality, clarity, consistency, and integrity of the information.

In addition, more direct and frequent communication channels have been established to enable shareholders to effectively express their views and expectations. With these measures, Iberdrola seeks not only to increase transparency in its processes, but also to build a relationship of trust and ongoing collaboration with shareholders and proxy advisors.



B. Summary of the application of the Director and Officer Remuneration Policy in 2024



B. Summary of the application of the Director and Officer Remuneration Policy in 2024

The Director Remuneration Policy applied in financial year 2024 was the Policy approved by the shareholders at the General Shareholders' Meeting held on 17 May 2024, the application of which covers the financial year of its approval and financial years 2025, 2026 and 2027.

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

At 31 December 2024 and as of the date of preparation of this Report, Iberdrola's Remuneration Committee is made up of three members, 67% of whom are independent directors (two members) and 33% of whom are other external directors (one member).

Remuneration Committee	
Name	Position, type of director
Mr Juan Manuel González Serna	Chairman, independent
Mr Íñigo Víctor de Oriol Ibarra	Member, other external
Mr Manuel Moreu Munaiz	Member, independent
Mr Íñigo Sagardoy de Simón	Secretary (non-director)

The curriculum vitae/professional biography, as well as the skills and abilities of the members of the Remuneration Committee are available through the following *link*



[Access curriculum vitae / professional biography](#)

These are profiles with strong knowledge and experience in the energy sector, management and strategy, capital allocation, sustainability (including climate change), and operations and supply chain, as well as advanced skills in audit, finance and risk management, global markets and geopolitics, legal and regulatory, and digitalisation and cybersecurity.

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

The Remuneration Committee met 8 times during 2024, with the attendance of all its members, and it devoted special attention to the priorities set out in the Activities Report of the Board of Directors and of the Committees thereof, specifically:

Director Remuneration Policy

- To submit the proposed Director Remuneration Policy to the Board of Directors for subsequent approval by the shareholders at the General Shareholders' Meeting, issuing the corresponding specific explanatory report required by Section 529 *novodecies* of the Companies Act.
- After the General Shareholders' Meeting, on an annual basis, to thoroughly review the Remuneration Policy to ensure that the principles, content and disclosures are in line with the expectations of its shareholders and proxy advisors and with best market and corporate governance practices.
- To analyse the opinion of shareholders, minority and institutional shareholders and proxy advisors, following the presentation of the new policy at the 2024 General Shareholders' Meeting.

Annual director and officer reports

- To report on the documents on remuneration, for subsequent approval by the Board of Directors, including the Annual Director and Officer Remuneration Report and the corresponding sections of the Company's Annual Corporate Governance Report.
- To continuously improve the Annual Director and Officer Remuneration Report.

Long-term variable remuneration schemes (strategic bonus)

- To submit a proposal for subsequent approval by the Board of Directors on the foundational period of the 2020-2022 Strategic Bonus and the individual payment of the second delivery of shares.

Short-term variable remuneration schemes (annual bonus)

- To submit a proposal for subsequent approval by the Board of Directors on the evaluation of the parameters linked to the annual variable remuneration 2024 of the executive chairman, the chief executive officer and the officers.
- To submit a proposal for subsequent approval by the Board of Directors to determine the parameters linked to the annual variable remuneration 2025 of the executive chairman, the chief executive officer and the executives.

Fixed remuneration

- To submit proposals for the individual remuneration of the directors in their capacity as such, of the executive chairman, of the chief executive officer and of the officers, determined in accordance with the



Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 17 May 2024.

Remuneration programmes

- Endeavour to ensure compliance with the Company's remuneration programmes.
- Review the general remuneration programmes for the workforce, assessing the suitability and results thereof.

Benchmarking and best market practices

- Review best practices on director and officer remuneration, taking into account the main recommendations of institutional investors as well as best practices identified at comparable companies. Specifically, in the area of remuneration reporting and information in the annual director remuneration reports.
- Review the trends in remuneration parameters used at comparable companies and global companies, such as the inclusion of indicators aligned with the objectives of the sustainability strategy and review of their alignment with Iberdrola's strategic objectives.
- Review the results of the analyses of the external competitiveness of directors in their capacity as such, of the executive chairman, and of the chief executive officer, submitted by independent external advisers on remuneration matters in order to determine Iberdrola's remuneration practices.

In compliance with the good practices and recommendations established in "Technical Guide 1/2019 on Nomination and Remuneration Committees", the Remuneration Committee has received support from independent external advisers. In this regard, the Remuneration Committee has benefited from the information and advice of the internal services of the Company and of external consultants with expertise in this field, taking into account the best recommendations and market practices in the field of remuneration.

In particular, it has benefited from the independent advice of the following specialised firms:

- PwC Asesores in relation to the evaluation of the parameters linked to the 2024 annual variable remuneration of the executive chairman and the chief executive officer.
- EY Abogados in relation to the comparative benchmark analysis of the total remuneration of the directors in their capacity as such, the executive chairman and the chief executive officer with respect to comparable companies. The above analysis was carried out in accordance with the procedure described in Section **A.1.1** of this Report.

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

- Analysis of the main concerns expressed by the main proxy advisors in connection with the Annual Report on Remuneration of Directors and Officers and, if applicable, the Director Remuneration Policy of Iberdrola.



- Analysis of voting policies in remuneration matters among Iberdrola's main retail and institutional investors.
- Analysis of remuneration and transparency practices (remuneration policies and reports) of comparable international and domestic companies to identify changing trends in these areas.
- Analysis of the alignment of the Director Remuneration Policy with the remuneration policy for the Company's professionals and with Iberdrola's Purpose and Values.

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

There were no deviations from the established procedure during financial year 2024.

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

No temporary exception was applied in financial year 2024.

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

As explained in section **A.1.2** of this Report, one of the remuneration practices through which the Remuneration Committee applies the principles of the Remuneration Policy is the establishment of a **non-short-term remuneration system** that maintains a reasonable balance between the different elements that make up the remuneration, reflecting an appropriate assumption of risks that contribute to recruiting, retaining, motivating and developing the best talent.

The measures implemented during financial year 2024 to reduce exposure to excessive risks and to strengthen alignment with the long-term objectives, values and interests of the Company were:



- Iberdrola's Remuneration Committee is composed of three members, 67% of whom are independent directors (two members) and 33% are external directors (one member).
- The Remuneration Committee has been responsible for proposing, reviewing, analysing and implementing the Director Remuneration Policy.
- The Remuneration Committee has been responsible for proposing to the Board of Directors the system and amount of the remuneration of the directors, as well as the individual remuneration of the officers and the other basic terms and conditions of their contracts, including any potential compensation or severance payment that may be established in the event of removal.
- In relation to short- and long-term variable remuneration, the Policy establishes appropriate mechanisms for the Remuneration Committee to propose to the Board the cancellation (*malus* clause) or reimbursement (clawback clause) of remuneration, in the event of a material restatement of the financial statements that is not due to a change in accounting regulations, situations of fraud or serious non-compliance with the law declared by a final court ruling, as well as misconduct, understood as inappropriate or unethical behaviour, such as violation of company policies or poor risk management, which may not necessarily entail legal repercussions, but which may nevertheless cause damage to the company's reputation.
- In its decision-making process, the Remuneration Committee took into account the opinion of independent external advisors, together with the experience and skills present in other committees of the Board of Directors, working proactively and in consultation with other committees, particularly the Audit and Risk Supervision Committee, the Sustainable Development Committee and the Appointments Committee, as well as the technical support of the officers, to ensure the effectiveness of the Remuneration Policy through a generalised approach.
- In particular, in consultation with the Audit and Risk Supervision Committee, it has participated in the process of assessing whether the remuneration system encourages excessive or inappropriate risk-taking. This evaluation takes into account the nature of Iberdrola's risks in the design of variable remuneration plans.
- In consultation with the Sustainable Development Committee, it has also participated in the evaluation process on the adequate translation of the Company's sustainable development strategy, with special emphasis on environmental, social and corporate governance policies and regulatory compliance in the remuneration system. This evaluation has taken into account Iberdrola's commitment to sustainable development in the design of variable remuneration plans.
- During 2024, there has been no guaranteed variable remuneration, and no variable remuneration was received below the minimum achievement threshold, nor was it overpaid above the maximum limit.
- The measures adopted with respect to those categories of personnel whose professional activities have a material impact on the risk profile of the Company (including management personnel and other professionals of the Iberdrola group assigned to divisions or areas that report functionally to the Audit and Risk Supervision Committee or the Sustainable Development Committee, including Internal Audit and Risk and Compliance) and that have been adopted to avoid conflicts of interest:



- As regards short-term variable remuneration, the officers of the Iberdrola group assigned to divisions or areas that report functionally to the Audit and Risk Supervision Committee or the Sustainable Development Committee, including the Internal Audit and Risk and Compliance Committees, in order to ensure the necessary autonomy and independence of this function, which is part of the second and third lines of defence and reinforces the effectiveness of the internal control system of the Iberdrola group, do not participate in annual variable remuneration systems.
- As regards long-term variable remuneration, the officers and other professionals of the Iberdrola group attached to divisions or areas that report functionally to the Audit and Risk Supervision Committee or the Sustainable Development Committee, including Internal Audit and Risk and Compliance, may not participate as beneficiaries of the 2023-2025 Strategic Bonus, in order to ensure the necessary autonomy and independence of these functions that form part of the second and third lines of defence and to reinforce the effectiveness of the internal control system of the Iberdrola group.

During financial year 2024, for the officers, the specific measures of the Policy that ensure consistency with the long-term strategy, interests and sustainability in achieving the long-term results have been as follows:

- Total officer remuneration has been mainly composed of: (i) fixed remuneration (ii) short-term variable remuneration (annual bonus) and (iii) long-term variable remuneration (strategic bonus).
- An appropriate balance is struck between fixed and variable components of remuneration has been established: the officers have a variable remuneration system with risk measures to ensure that no variable remuneration is paid if they do not meet the minimum threshold of achievement.

In general, for the officers, annual variable remuneration is linked to the achievement of predetermined, specific, quantitative and qualitative strategic objectives that are specific, quantifiable, challenging and clear, aligned with the *Purpose and Values*, the achievement of the business strategy and the long-term interests and sustainability of the Company, of a financial, operational and other non-financial nature related to sustainability.

- The pool of objectives to which variable remuneration is linked presented in section **A.1.2.** has the following characteristics to ensure consistency and traceability of the objectives process:
 - Centralised, coordinated and dynamic management, with homogeneous metrics.
 - Formalisation and unique documentation in the definition, monitoring and evaluation of objectives.
 - Definition of objectives by management levers (financial, operational and sustainability).
 - Follow-up and monitoring of results.
- All these metrics are associated with a scale of achievement that sets a minimum threshold (0%) and a maximum limit (100%) which, if the minimum level of achievement is not reached, means that no variable remuneration will be earned, i.e. in no case is variable remuneration guaranteed. A maximum payment limit that cannot be exceeded is also established. During 2024, there has been no guaranteed variable remuneration, and no variable remuneration was received below the minimum achievement threshold, nor was it overpaid above the maximum limit.



- Long-term incentives are designed as a multi-year plan with deferred delivery of shares linked to the achievement of long-term goals that are submitted *ex ante* to the shareholders for approval at the General Shareholders' Meeting and are intended to encourage commitment to the long-term strategic goals of the Iberdrola group, aligning part of the remuneration with the creation of value and profitability for the shareholder, as well as with the sustainable achievement of the Company's strategic goals and the maximisation of its social dividend.

These plans have a duration of six years (three for performance evaluation and three for payment) and are granted every three years rather than annually, which ensures that there is no overlap.

The officers have undertaken not to transfer ownership of shares received from any element of variable remuneration for a period of four years unless they hold an equivalent amount of at least twice their annual fixed remuneration (shareholding policy).

- Both short- and long-term variable remuneration is subject to the application of clauses for the cancellation (*malus* clauses) or reimbursement (clawback clauses) of variable remuneration.

B.3.

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

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

The remuneration accrued in financial year 2024 fully conforms to the current Director Remuneration Policy. In this regard:

- **It has been formulated and approved by the competent bodies following the prescribed procedure;** in this respect, the Remuneration Committee, in accordance with the provisions of Article 3 of its Regulations, is responsible for proposing to the Board of Directors the remuneration policies for directors and officers and for regularly reviewing them, proposing, any modification and update thereof to the Board of Directors. The Remuneration Committee submits the proposed Director Remuneration Policy to the Board of Directors for approval and subsequent submission to the shareholders at the General Shareholders' Meeting, issuing the corresponding specific explanatory report required by Section 529 *novodecies* of the Companies Act.
- **It abides by the principles and structure of remuneration provided for in the Director Remuneration Policy,** which have been described in Sections A.1.1 and A.1.2 of this report.



- **The annual fixed remuneration to be paid to the directors does not exceed the limits established in said Policy.**

The remuneration packages of the executive chairman and of the chief executive officer have the following characteristics, which ensure their consistency with the long-term strategy, interests and sustainability of the Company:

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

The 2024 targets of the executive chairman include 3 financial metrics with a weighting of 70% and 3 sustainability metrics with a weighting of 30%. The 2024 targets of the chief executive officer include 2 financial metrics with a weighting of 60%, 1 operational metric with a weighting of 30% and 2 sustainability metrics with a weighting of 10%. These metrics are predetermined, quantifiable and auditable and are in turn related to Iberdrola's Outlook. A description of the metrics to which variable remuneration is linked can be found in Section **B.7** of this Report.

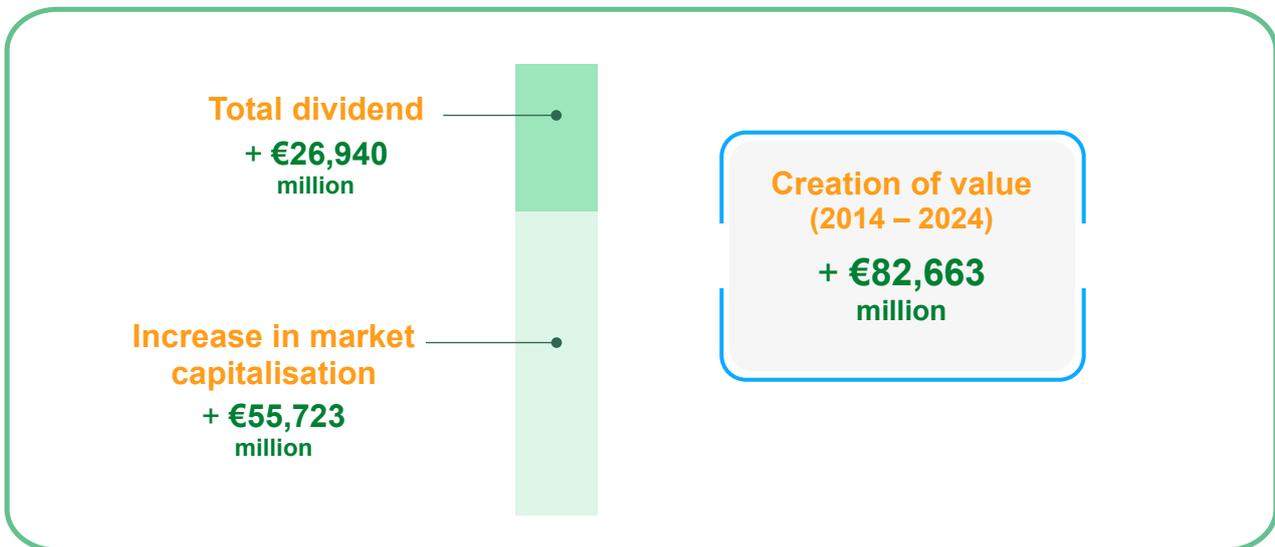
- **The long-term variable remuneration** (strategic bonus) of the executive chairman and of the chief executive officer encourages commitment to the Iberdrola Group's business enterprise over the long term, linking a portion of their remuneration to the creation of value for the shareholders as well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

Specifically, the parameters to which the multi-year variable remuneration is linked include financial variables (with a weighting of 70%) and others related to sustainability (with a weighting of 30%) as described in sections **A.1.6** and **B.7** of this Report.

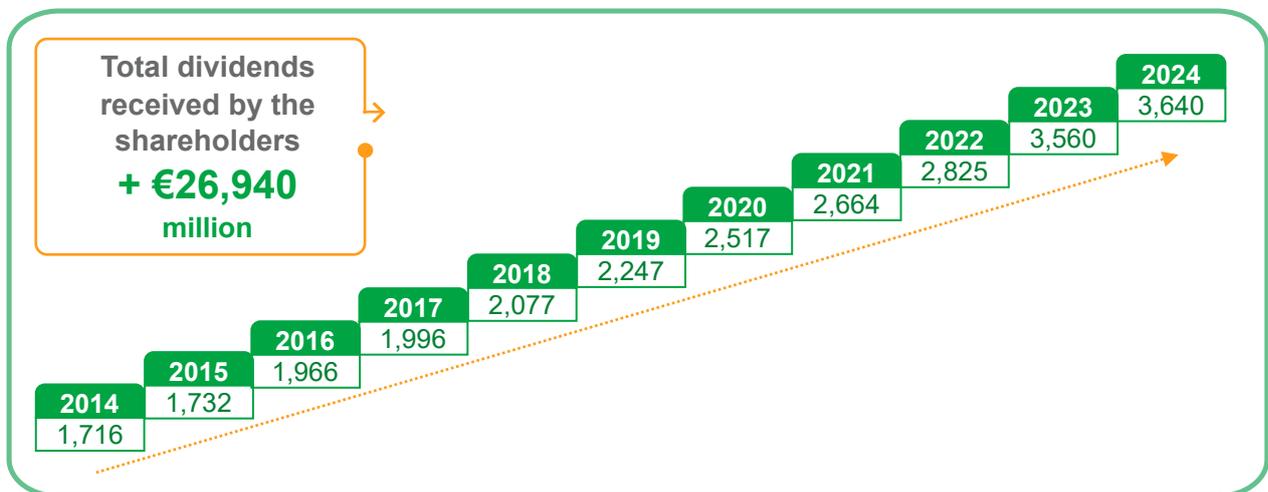
- The executive chairman and chief executive officer have undertaken not to transfer ownership of the shares received for a **period of four years** unless an equivalent amount of at least twice the fixed remuneration is maintained.
- The executive chairman and chief executive officer have a variable remuneration system that includes a **minimum threshold below which no incentive is paid** and a maximum payout limit that cannot be exceeded.
- The variable remuneration plans (both short and long term) include risk assessment and sustainability criteria as central pillars of the Company's strategy.



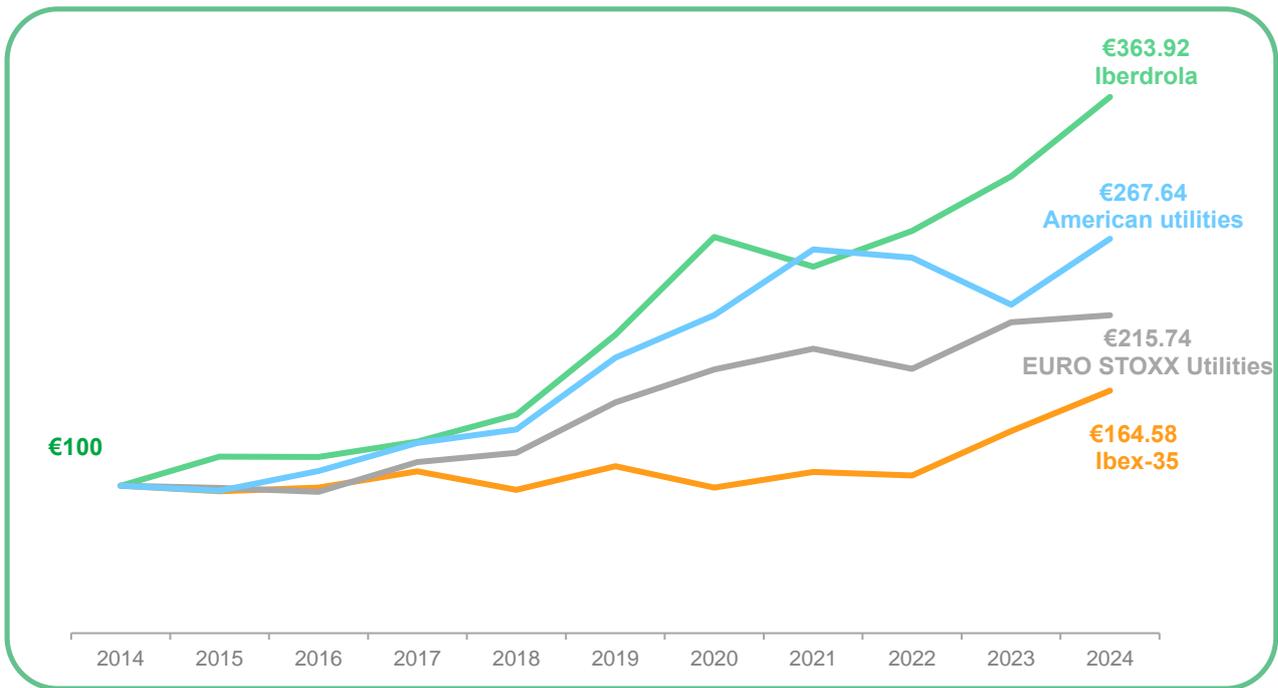
Since the end of 2013, Iberdrola’s strategy, which aims to deliver long-term results to all stakeholders, including shareholders, has created value **of more than €82 billion** as a result of:



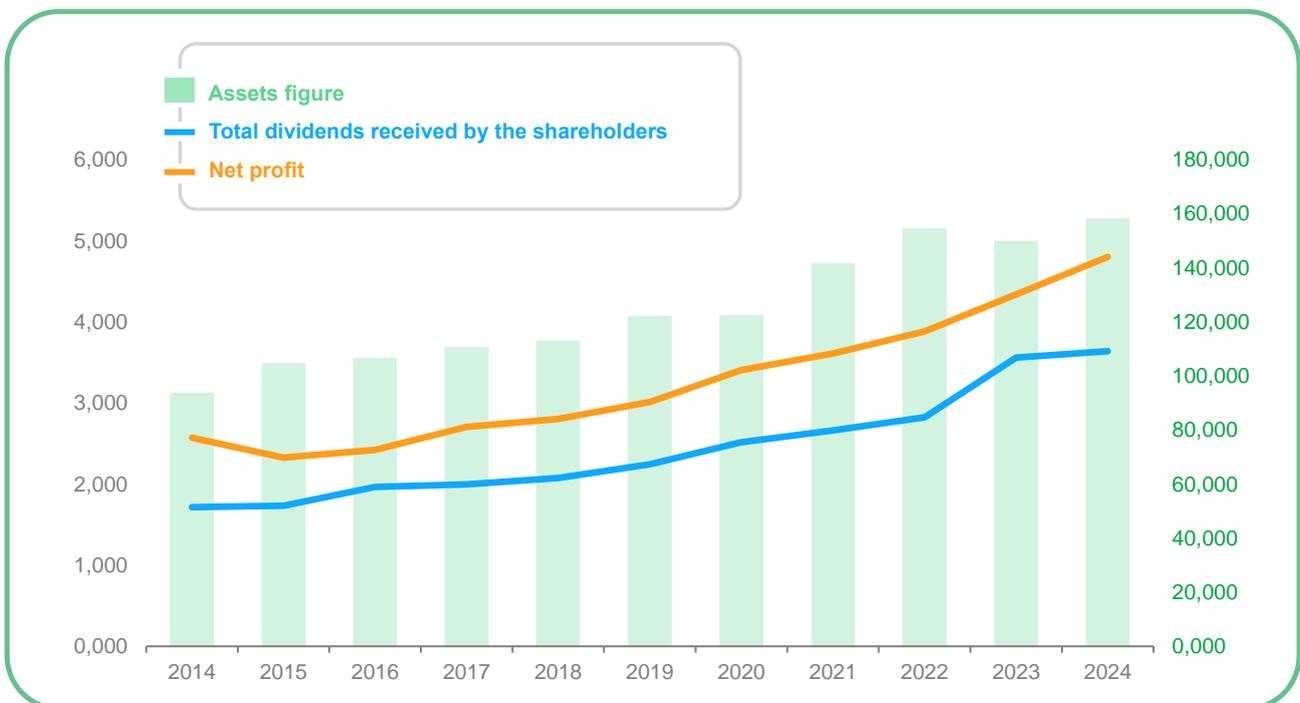
- Iberdrola’s capitalisation has increased from **€28,922 million** at year-end 2013 to **€84,645 million** at year-end 2024, which represents a **€55,723 million** increase in the absolute value of the capitalisation.
- total dividends (including payment in kind) received by shareholders in the period amounted to **€26,940 million**:



Over the last ten years (2014 to 2024) Iberdrola’s total shareholder return has **significantly outperformed the total shareholder return** compared to the average total return of the **top three American utilities** by capitalisation (NextEra Energy, Duke Energy, and The Southern Company), to the total return of the European sector index (**Euro STOXX Utilities**), and to the average total return of the Spanish market index (**Ibex-35**).

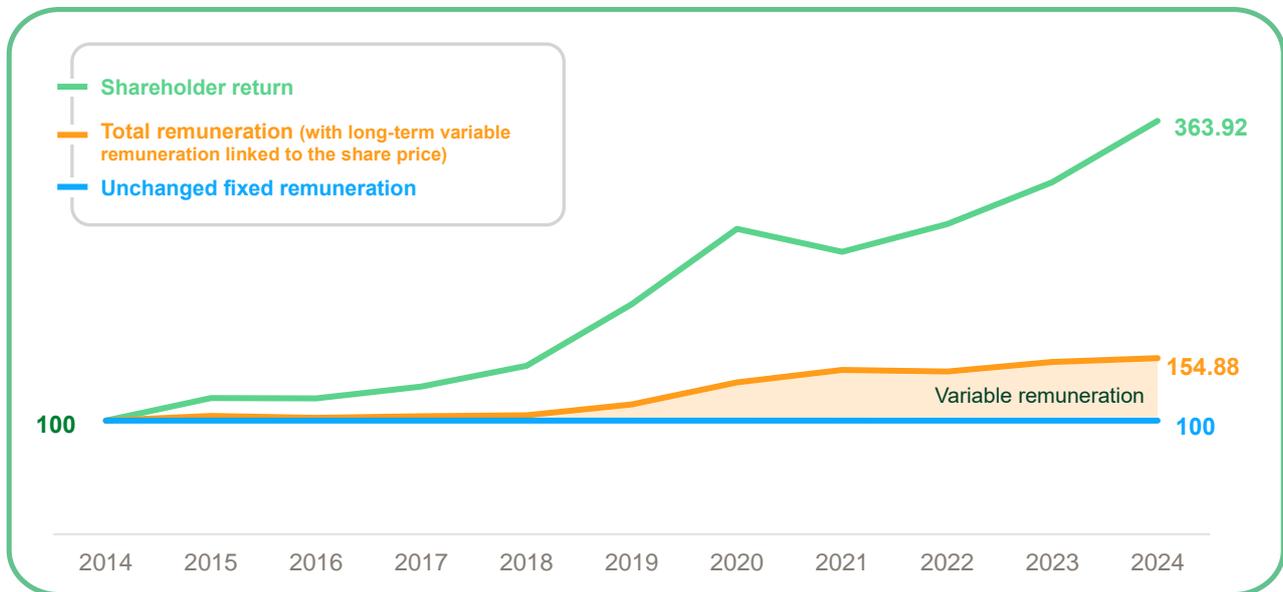


Over the last ten years (2014 to 2024), the performance of Iberdrola’s assets, net profits result and total dividends received by the shareholders are aligned with the long-term, **non-volatile (stable and sustainable) growth of the Company.**





Over the last ten years (2014 to 2024), the evolution of the executive chairman's total remuneration, under the "Pay-for-Performance" principle, reflects the achievement of the Company's strategic objectives linked to variable remuneration, which have enabled the creation of value of more than €82 billion.



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

As in previous years, the Remuneration Committee believes that any increase in remuneration of officers should be the result of the achievement of pre-established and clear strategic objectives as well as share price appreciation as regards long-term variable remuneration. To this end, the Remuneration Committee has analysed the evolution of office remuneration according to different parameters, including the share price in various scenarios, with the advice of an independent external consultant.

B.4.

Result of the consultative vote at the General Shareholders' Meeting on the annual remuneration report for the previous year

The Annual Report on Remuneration of Directors and Officers of Iberdrola for financial year 2023 **was approved with approximately 92.5% of votes in favour at the General Shareholders' Meeting** held in financial year 2024, representing an increase of more than 4 percentage points in favourable votes compared to the previous year. This level of support was obtained with a **quorum of more than 75% at the General Shareholders' Meeting**, which was significant considering that Iberdrola is a full free float company. This high level of participation was motivated by, amongst other things, the "engagement dividend" that promotes active shareholder participation.

The results of the consultative vote of the shareholders on the Annual Report on Remuneration of Directors for financial year 2023 were as follows:



	Number	% of total
Votes cast	4,839,180,589	100
Votes against	356,874,786	7.37
Votes in favour	4,382,669,795	90.57
Blank ballots	2,375,440	0.05
Abstentions	97,260,568	2.01

B.5.

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

The remuneration of the directors in their capacity as such, the amounts of which remained unchanged since 2008, is determined in the Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 17 May 2024 with 95.64% in favour. Directors in their capacity as such do not receive variable remuneration.

In accordance with the provisions of the aforementioned Policy, one of the new developments in the determination of attendance bonuses earned by directors in their capacity as such during financial year 2024 is that the number of meetings entitled to attendance bonuses for the meetings of the Appointments Committee, the Remuneration Committee and the Sustainable Development Committee is limited to seven. The meetings held in the financial year 2024 are described below:

	Board of Directors	Executive Committee	Audit and Risk Supervision Committee	Appointments Committee	Remuneration Committee	Sustainable Development Committee
Total meetings 2024	9	14	13	7	8	7

€1,300 thousand in attendance fees paid. This is a 13.1% reduction in the amount of attendance fees compared to financial year 2023.

In accordance with the Policy approved by the shareholders at the General Shareholders' Meeting and with the current composition of the Board of Directors and its committees, in financial year 2024 the aggregate amount accrued by the directors in their capacity as such amounted to **€7,629 thousand**, which is within the limit of €9,000 thousand explained in Section **A.1.3** of this Report.

Details of the individual remuneration, the fixed components accrued and vested during the year by the directors in their capacity as such, their relative proportion and how they have varied with respect to the previous year, for each of the directors are set out in section **C**.



As regards the dedication of the directors, during financial year 2024, all directors attended 100% of the meetings of the Board of Directors (except for one director who did not attend one meeting) and all directors attended 100% of the meetings of the committees:

	Board of Directors		Committee	
	Type	% attendance	Position	% attendance
José Ignacio Sánchez Galán	Executive chairman	100%	Chairman Executive Committee	100%
Armando Martínez Martínez	Chief Executive Officer	100%	Member Executive Committee	100%
Íñigo Víctor de Oriol Ibarra	Other External Director	100%	Member Remuneration Committee	100%
María Helena Antolín Raybaud ⁽¹⁾	Other External Director	100%	Member Appointments Committee	100%
Manuel Moreu Munaiz	Independent Director	100%	Member Executive Committee Member Remuneration Committee	100%
Xabier Sagredo Ormaza	Independent Director	100%	Chairman Audit and Risk Supervision Committee	100%
Juan Manuel González Serna	Independent Director	100%	Executive Committee member Chairman Remuneration Committee	100%
Anthony Luzzatto Gardner	Independent Director	100%	Member Executive Committee Member Appointments Committee	100%
Sara de la Rica Goiricelaya	Independent Director	89%	Chairman Sustainable Development Committee	100%
Nicola Mary Brewer	Independent Director	100%	Member Sustainable Development Committee	100%
Regina Helena Jorge Nunes	Independent Director	100%	Member Audit and Risk Supervision Committee	100%
Ángel Jesús Acebes Paniagua	Independent Director	100%	Executive Committee member Chairman Appointments Committee	100%
María Ángeles Alcalá Díaz	Independent Director	100%	Member Audit and Risk Supervision Committee	100%
Isabel García Tejerina	Independent Director	100%	Member Sustainable Development Committee	100%
Ana Colonques García-Planas ⁽²⁾	Independent Director	100%	Member Appointments Committee	100%

⁽¹⁾ Ceased to hold office on 17 December 2024.

⁽²⁾ Appointed to hold office on 17 December 2024.



On the other hand, in relation to the shareholding policy:

	Type	Number of shares of Iberdrola, S.A. as at 31 December 2024
José Ignacio Sánchez Galán	Executive chairman	15,580,184
Armando Martínez Martínez	Chief Executive Officer	169,719
Íñigo Víctor de Oriol Ibarra	Other External Director	1,274,014
María Helena Antolín Raybaud ⁽¹⁾	Other External Director	172,976
Manuel Moreu Munaiz	Independent Director	63,074
Xabier Sagredo Ormaza	Independent Director	43,205
Juan Manuel González Serna	Independent Director	732,565
Anthony Luzzatto Gardner	Independent Director	20,029
Sara de la Rica Goiricelaya	Independent Director	21,623
Nicola Mary Brewer	Independent Director	5,000
Regina Helena Jorge Nunes	Independent Director	4,500
Ángel Jesús Acebes Paniagua	Independent Director	19,005
María Ángeles Alcalá Díaz	Independent Director	8,000
Isabel García Tejerina	Independent Director	70,774
Ana Colonques García-Planas ⁽²⁾	Independent Director	2,000

⁽¹⁾ Ceased to hold office on 17 December 2024.

⁽²⁾ Appointed to hold office on 17 December 2024.

B.6.

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

Salaries accrued during 2024 by the executive chairman and the chief executive officer are determined in accordance with the Director Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 17 June 2024.

The Remuneration Committee proposed to the Board of Directors that the fixed remuneration of the executive chairman for financial year 2024 be maintained at €2,250 thousand, which proposal was approved by the Board of Directors. **This amount does not represent an increase compared to the previous financial year. Along these lines, the fixed remuneration of the executive chairman has remained unchanged since 2008.**

In the case of the chief executive officer, the Remuneration Committee proposed to the Board of Directors that his fixed remuneration of €1,000 thousand be maintained for financial year 2024. **This amount does not represent an increase compared to the previous financial year. In this regard, the fixed remuneration of the chief executive officer has remained unchanged since his appointment on 25 October 2022.** The aforementioned remuneration began to be applied as from this date.

**B.7.**

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

In particular:

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

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

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

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

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



Determination of performance objectives for variable remuneration

The Remuneration Committee endeavours to ensure that the Board of Directors is in a position to approve in advance the application, objectives, standards and metrics of the various items of remuneration established for the current financial year in accordance with the Policy approved by the shareholders at the General Shareholders' Meeting.

The Remuneration Committee ensures that the Board of Directors is in a position to assess the achievement of the objectives, standards and metrics established in the previous year that determine the variable remuneration earned by officers in that year sufficiently in advance. And, if applicable, for short- and long-term variable remuneration, proposes to the Board the cancellation or reimbursement of remuneration that has been paid to the respective beneficiaries.

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

- **Short-term variable remuneration (annual bonus)**

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

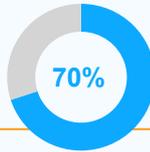
The annual variable remuneration targets subsequently presented for both the executive chairman and the chief executive officer were approved by the Board of Directors, upon a proposal of the Remuneration Committee, at its meeting of 20 February 2024.



2024 Metrics

- Executive chairman

Financial objectives



	Weight	Minimum 0%	Maximum 100%	Level of achievement
Net profit	30%	Result: 2023 Close + 17% 2023 Close + 2.5% 2023 Close + 7%		100%
Increase shareholder remuneration in line with the increase in net profit	20%	Result: Yes No Yes		100%
Financial strength: FFO/Net Debt	20%	Result: > ratio + maintenance of credit rating < ratio + = rating < ratio + = rating		100%

Sustainability objectives



	Weight	Minimum 0%	Maximum 100%	Level of achievement
Equal opportunities	7.5%	Result: Yes No Yes		100%
Presence on international indices	15%	Result: 6 4 6		100%
Cybersecurity	7.5%	Result: 99% 0% 100%		99%

Weighted total level of achievement: **99.925%**





Financial objectives - specific weight of 70%:

- **Net profit** (weight of 30%)

Net profit was €5,612 million (+17% year-on-year) driven by the early implementation of the Company's strategic plan.

The acceleration of the anticipated trends in the group's strategy, the implementation of the plan ahead of schedule, an improved business profile and improving market fundamentals in 2025 drive a structural improvement in the future outlook.

The level of achievement is assessed at 100%.

- **Increase shareholder remuneration in line with the increase in net profit** (weight of 20%)

In 2024, the shareholder remuneration paid with a charge to financial year 2023 was €0.553 per share. This amount represents an 11.5% increase over the €0.496 per share paid in financial year 2023 and is in line with the 10.7% improvement in net profit in financial year 2023 compared to 2022. This fulfils one of the pillars of the shareholder remuneration strategy, which links the increase in shareholder remuneration to the increase in results. Furthermore, the amount of €0.553 paid in 2024 is one year ahead of the minimum target of €0.55 for shareholder remuneration set for 2025. Furthermore, the dividend paid in 2024 represents a shareholder return of 4.7%, which compares favourably with the 2.8% inflation rate in Spain in the same period. If we add to this 4.7% a share appreciation of 12.0% in financial year 2024, the total shareholder return for financial year 2024 is 16.7%.

The level of achievement is assessed at 100%.

- **Financial strength: FFO/Net debt** (weight of 20%)

The adjusted ratio is 25.3% including the extraordinary transactions comprising the acquisition of ENW and AVANGRID's minority interests, which have changed the Company's boundary, with the ratio at year-end 2024 being 22.9%. In turn, the target solvency ratio has allowed the Company to meet the requirements of the rating agencies for the BBB+ credit rating level, guaranteeing the maintenance of financial strength.

The level of achievement is assessed at 100%.





Sustainability targets – specific weight of 30%:

- **Equal opportunities** (weight of 7.5%).

Iberdrola facilitates and promotes equal opportunities for the professionals of the companies belonging to the group, providing equal pay for equal work and salary reviews based on common standards.

The current collective bargaining agreements at the companies of the group guarantee equal starting salaries and progression based on skills and competencies.

Furthermore, in 2024 Iberdrola received the EDGE certification (Equity, Diversity and Gender Equality), the world's leading evaluation method that assesses and certifies companies and institutions for their efforts to promote gender equality in the workplace, considering compliance with standards validated by an independent body, including pay equity. In particular, it has obtained the second level of certification (EDGE Move), which indicates that the organisation is not only committed to gender equality, but has taken concrete steps to transform that commitment into action. It also highlights that fair practices have been sustainably integrated into the organisation and are a key strategic area for its future success.

The level of achievement is assessed at 100%.

- **Presence on international indices** (weight of 15%).

The Board of Directors, approved an annual update of the sustainability strategy on an integrated basis with the financial outlook. This strategy includes an analysis of material aspects and a specification of published medium- and long-term objectives and metrics. Iberdrola maintains its presence on the world's leading sustainability indices (DJSI, FTSE4Good, 2024 World's Most Ethical Companies). Iberdrola also continues to form part of numerous indices of sustainable companies: Gold medal in Ecovadis, ISS ESG (Prime), MSCI Global Sustainability Index (AAA), CDP A list, etc.

The level of achievement is assessed at 100% for having been maintained on more than 6 benchmarks with the required rating levels for each case.





• **Cybersecurity** (weight of 7.5%)

This corresponds to the **absence of cybersecurity incidents with a significant impact** that takes into account the dimensions of the impact assessment (financial, regulatory/legal, operational, safety and well-being of people, environmental, reputational, information privacy and group purpose and values (other impacts) and the impact levels.

On the other hand, it corresponds with the **fulfilment of cybersecurity action plans**, such as:

- Improvement of the Information Security Management Systems and continuation of the certification programme by obtaining ISO 27001 certifications (Retail Business – United Kingdom).
- Implementation of tools to improve identity management and privileged access control capabilities for the infrastructure (Networks Business – United States).
- Expansion of current intrusion and compromise detection capabilities, as well as improvement of the incident response capability within the Group's Corporate Network, through the implementation of new tools that allow the detection of unusual and/or anomalous behaviour and enable the response to such behaviour.
- Expansion of intrusion detection and compromise capabilities, as well as improvement of incident response capacity in the OT network (Sustainable Generation Business – Spain).
- Increased resilience capabilities to ensure business continuity through appropriate segregation of environments (Networks Business – Brazil).
- Expansion of monitoring mechanisms to corporate SAP environments, to enable early detection and mitigate the risk of intrusion.

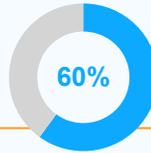
The level of achievement is assessed at 99%.

The total weighted level of achievement with the parameters to which the annual variable remuneration 2024 of the executive chairman is linked is 99.925 %.



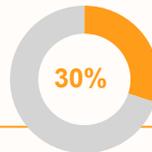
• Chief executive officer

Financial objectives



	Weight	Minimum	Maximum	Level of achievement
Net profit	40%	0%	100%	100%
<p>Result: 2023 Close + 17%</p> <p>2023 Close + 2.5% 2023 Close + 7%</p>				
Financial strength: FFO/Net Debt	20%			100%
<p>Result: > ratio + maintenance of credit rating</p> <p>< ratio + = rating < ratio + = rating</p>				

Operational objectives



	Weight	Minimum	Maximum	Level of achievement
Leadership (*)	30%	0%	100%	23.40%
<p>Result: 23.40%</p> <p>0 100</p>				

Sustainability objectives



	Weight	Minimum	Maximum	Level of achievement
Equal opportunities	5%	0%	100%	100%
<p>Result: Yes</p> <p>No Yes</p>				
Safety, Health and Well-being	5%			82.603%
<p>Result: 82.603</p> <p>Average last 5 years Improve average last 5</p>				

Weighted total level of achievement: 76.151%

(*) Includes profitable growth of projects as well as liberalised and regulation.



Financial objectives - specific weight of 60%:

- **Net profit** (weight of 40%)

Adjusted net profit was €5,612 million (+17% year-on-year) driven by the early implementation of the Company's strategic plan.

The acceleration of the anticipated trends in the group's strategy, the implementation of the plan ahead of schedule, an improved business profile and improving market fundamentals in 2025 drive a structural improvement in the future outlook.

The level of achievement is assessed at 100%.

- **Financial strength: FFO/Net debt** (weight of 20 %)

The adjusted ratio is 25.3% including the extraordinary transactions comprising the acquisition of ENW and AVANGRID's minority interests, which have changed the Company's boundary, with the ratio at year-end 2024 being 22.9%. In turn, the target solvency ratio has allowed the Company to meet the requirements of the rating agencies for the BBB+ credit rating level, guaranteeing the maintenance of financial strength.

The level of achievement is assessed at 100%.

Operational objectives - specific weight of 30%:

- **Leadership** (weight of 30%)

Includes profitable growth of projects as well as liberalised and regulation.

During 2024, 2,394 MW of new renewable capacity was installed, with Iberdrola being leader with a total installed renewable capacity of 44,478 MW, partially achieving the ambitious plan set for the year in terms of business areas.

On the other hand, during 2024, a decision was made to invest in selective renewable projects with a capacity of more than 3,600 MW, with a value creation higher than the weighted cost of risk-adjusted capital (WACC), partially achieving the challenging plan set for the year in relation to the business areas.

In an environment of growing competition in the electricity market, Iberdrola has remained the leader in the Spanish market and one of the major retail suppliers in the United Kingdom market thanks to its commitment to loyalty-building and offering valuable products, achieving a high level of brand awareness and recognition in both markets through its marketing strategy, although there has been a small reduction in market share in the liberalised market.





The regulation of the countries in which Iberdrola does business is a key and fundamental element for preserving the stability of adequate returns on investment over the long term. Positive results were achieved during 2024 that contributed to securing these returns.

This underlines the need to set annual targets from the standpoint of expansion of the leadership position.

The level of achievement is assessed at 23.40%.

Sustainability targets – specific weight of 10%:

- **Equal opportunities** (weight of 5%)

Iberdrola facilitates and promotes equal opportunities for the professionals of the companies belonging to the group, providing equal pay for equal work and salary reviews based on common standards.

The current collective bargaining agreements at the companies of the group guarantee equal starting salaries and progression based on skills and competencies.

Furthermore, in 2024 Iberdrola received the EDGE certification - binary gender (Equity, Diversity and Gender Equality), the world's leading evaluation method that assesses and certifies companies and institutions for their efforts to promote gender equality in the workplace, considering compliance with standards validated by an independent body, including pay equity. In particular, it has obtained the second level of certification (EDGE Move), which indicates that the organisation is not only committed to gender equality, but has taken concrete steps to transform that commitment into action. It also highlights that fair practices have been sustainably integrated into the organisation and are a key strategic area for its future success.

The level of achievement is assessed at 100%.

- **Safety, health and well-being** (weight of 5%)

The Board of Directors, recognising the importance of occupational safety, health and well-being for the Company in 2024, has taken the necessary actions with continuous monitoring systems to provide safe and healthy conditions for the prevention of injuries and the promotion of work-related physical, social, mental and emotional health "Zero Harm Policy", appropriate to the purpose, size and context of each organisation and to the specific nature of the risks both at the Company and at the other companies within the group, as well as in their spheres of influence.





Iberdrola has global group certifications, and by 2024, 80% of employees were covered by occupational health and safety management systems subject to audit or third-party certification, such as the international ISO 45001 prevention certification. A specific programme was drawn up during 2024 for the different businesses, considering the increase in execution and work levels, as well as the high level of internalisation of activities required at Neoenergia and, to a lesser extent, in the United States and in other geographies, which has resulted in fatalities that have been investigated and audits have been carried out.

Despite the strong progress made during the year in terms of health & safety measures, including in well-being, the level of achievement is assessed at 82.603 % due to isolated and non-structural fatalities that were recorded during the year.

The total weighted achievement level is 76.151% for the parameters to which the chief executive officer's annual variable remuneration for 2024 is linked.

- **Other officers**

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

2024 Amount

- **Executive chairman**

% achievement	99.925
Maximum annual variable remuneration	€3,250,000
2024 Annual variable remuneration amount	€3,247,563

- **Chief executive officer**

% achievement	76.151
Maximum annual variable remuneration	€1,500,000
2024 Annual variable remuneration amount	€1,142,265

The Board of Directors, at its meeting held on 25 February 2025, upon a proposal of the Remuneration Committee, and with the advice of PwC Asesores, evaluated the level of achievement of the 2024 metrics for both the executive chairman and the chief executive officer. No margin of discretion has been applied by the Board of Directors.



- **Long-term variable remuneration**

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

Plans in effect: 2020-2022 Strategic Bonus (in payment period)

Duration and metrics

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

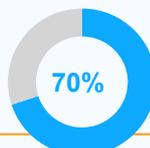
The measurement of the targets for the 2020-2022 Strategic Bonus ended on 31 December 2022.

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



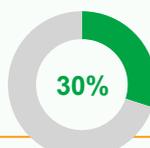


Financial objectives



	Weight	Minimum 0%	Maximum 100%	Level of achievement
Consolidated net profit	30%	≤ €3,700 M	≥ €4,200 M	100%
Comparative TSR performance against the STOXX Utilities Index at year-end 2022	20%	Index – 5 p.p.	Index + 5 p.p.	100%
Maintenance of financial strength through FFO/Net Debt	20%	Year-end	22%	100%

Sustainability objectives



	Weight	Minimum 0%	Maximum 100%	Level of achievement
Reduction in the average intensity of CO2 emissions	10%	2017-2019 Period	105 grCO2/kWh	100%
Increase the number of suppliers subject to sustainable development policies and standards	10%	Year-end	70%	100%
Closing the pay gap at level of the Iberdrola group	10%	≥ 2%	0%	100%

Weighted total level of achievement: 100%



The total weighted achievement level is 100% for the parameters to which the 2020-2022 Strategic Bonus is linked.

In view of the above, on 21 February 2023 the Board of Directors resolved to allocate the established maximum number of shares to both the executive chairman and the chief executive officer in its grant, with the first of the deliveries taking place.

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

Plans in effect: 2023-2025 Strategic Bonus (in evaluation period)

The shareholders acting at the General Shareholders' Meeting held on 28 April 2023, with 92% of votes in favour, approved the 2023-2025 Strategic Bonus, which has a term of six years, with the period covering financial years 2023 to 2025 being the period for evaluation of the performance level in relation to the parameters to which the 2023-2025 Strategic Bonus is linked, and the period covering financial years 2026 to 2028 being the period for payment thereof, which will be made through the deferred delivery of shares over those three years.

Metrics

The performance is evaluated based on the following financial, operational and sustainability parameters, which project an ambitious and challenging scenario for a company that is not satisfied with simply continuing its profitable growth, being financially sound and being committed to the Sustainable Development Goals approved by the United Nations, but rather seeks to continue strengthening its industry leadership in the energy transition and decarbonisation.

- Consolidated net profit of the Iberdrola Group in financial year 2025 (weight of 30%)
- Parameters related to financial targets (weight of 20 %):
 - Maintain financial strength as measured by the Company's long-term credit rating.
 - Increase sustainable financing.

financially sound and committed to sustainability objectives as follows:



- Sustainability-related parameters (weight of 30%):
 - Reduction in intensity of specific CO₂ emissions of the Iberdrola group.
 - Increase the number of suppliers subject to Sustainable development policies and standards
 - Equal opportunities in senior positions of the Iberdrola group.

The criteria used, together with their associated weightings and targets, have been disclosed *ex ante* in accordance with the Outlook communicated at the November 2022 meeting with investors.

These parameters will be measured at the end of the assessment period, i.e. on 31 December 2025, in accordance with the criteria set out in Section **A.1.6** of this Report.

B.8.

Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the *malus* (reduction) or clawback clauses, why they were implemented and the years to which they refer.

During financial year 2024 there has been no reduction in, nor any demand for return of, any variable component of the remuneration of the executive chairman or of the chief executive officer, nor have any amounts been reduced or returned due to the application of the claw-back clause.

B.9.

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



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

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

The chief executive officer Mr Armando Martínez Martínez is insured under the group life insurance policy described above, with an undertaking assumed when he was a member of senior management, and which has not been changed as a result of his appointment as chief executive officer. Details of the amount accrued in financial year 2024 by the chief executive officer in respect of long-term savings schemes, from the commitment acquired when he was a member of senior management, are set out in Section **C.1.a)** of this Report.

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

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

B.10.

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

No severance payments or payments arising from early termination were paid in financial year 2024.

B.11.

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

There have been no significant changes in the contracts of those exercising senior management duties as executive directors during 2024.

B.12.

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

During 2024 there was no supplementary remuneration for the directors for services other than those inherent in their position.

**B.13.**

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

There was no remuneration during 2024 based on the grant by the Iberdrola group to the members of the Iberdrola's Board of Directors of advances, loans and guarantees.

B.14.

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

Remuneration in kind for all members of the Board of Directors is not significant and has not exceeded €372 thousand (including mainly the employee electricity rate and health and casualty insurance, among others).

B.15.

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

During 2024 no remuneration was accrued by the directors of Iberdrola by virtue of payments made by the listed company to a third company in which the director provides services.

B.16.

Explain any item of remuneration other than the foregoing.

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



C. Itemised individual remuneration accrued by each director



C. Itemised individual remuneration accrued by each director

Name	Type	Period of accrual in year 2024
Mr José Ignacio Sánchez Galán	Executive chairman	01/01/2024 until 31/12/2024
Mr Armando Martínez Martínez	Chief Executive Officer	01/01/2024 until 31/12/2024
Mr Iñigo Víctor de Oriol Ibarra	Other External Director	01/01/2024 until 31/12/2024
Ms María Helena Antolín Raybaud	Other External Director	01/01/2024 until 17/12/2024
Mr Manuel Moreu Munaiz	Independent Director	01/01/2024 until 31/12/2024
Mr Xabier Sagredo Ormaza	Independent Director	01/01/2024 until 31/12/2024
Mr Juan Manuel González Serna	Independent Director	01/01/2024 until 31/12/2024
Mr Anthony L. Gardner	Independent Director	01/01/2024 until 31/12/2024
Ms Sara de la Rica Goiricelaya	Independent Director	01/01/2024 until 31/12/2024
Ms Nicola Mary Brewer	Independent Director	01/01/2024 until 31/12/2024
Ms Regina Helena Jorge Nunes	Independent Director	01/01/2024 until 31/12/2024
Mr Ángel Jesús Acebes Paniagua	Independent Director	01/01/2024 until 31/12/2024
Ms María Ángeles Alcalá Díaz	Independent Director	01/01/2024 until 31/12/2024
Ms Isabel García Tejerina	Independent Director	01/01/2024 until 31/12/2024
Ms Ana Colonques García-Planas	Independent Director	17/12/2024 until 31/12/2024

**C.1.**

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

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other items	Total in year 2024	Total in year 2023
Mr José Ignacio Sánchez Galán	600	132	100	2,250	3,248			170	6,500	6,473
Mr Armando Martínez Martínez	200	88	100	1,000	1,142			157	2,687	3,000
Mr Iñigo Víctor de Oriol Ibarra	200	60	100					6	366	334
Ms María Helena Antolín Raybaud	193	60	96					7	356	327
Mr Manuel Moreu Munaiz	200	116	200					4	520	480
Mr Xabier Sagredo Ormaza	327	96	100					4	527	405
Mr Juan Manuel González Serna	480	130	200					2	812	791
Mr Anthony L. Gardner	480	116	200					4	800	760
Ms Sara de la Rica Goiricelaya	440	70	100					4	614	609
Ms Nicola Mary Brewer	200	60	100					1	361	318
Ms Regina Helena Jorge Nunes	200	84	100					2	386	350
Mr Ángel Jesús Acebes Paniagua	440	130	200					6	776	766
Ms María Ángeles Alcalá Díaz	313	98	100					3	514	597
Ms Isabel García Tejerina	200	60	100					2	362	319
Ms Ana Colonques García-Planas	7		4						11	

Observations

Executive director remuneration does not include employer social security contributions.



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

Name	Name of Plan	Financial instruments at start of year 2024		Financial instruments granted during year 2024		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2024	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent / vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Mr José Ignacio Sánchez Galán	2020-2022 Strategic Bonus		1,266,667				633,333	11.177	7,079			633,334
	2023-2025 Strategic Bonus		1,900,000									1,900,000
Mr Armando Martínez Martínez	2020-2022 Strategic Bonus		160,000				80,000	10.900	872			80,000
	2023-2025 Strategic Bonus		500,000									500,000

Observations

The 2020-2022 Strategic Bonus was approved by the shareholders at the General Shareholders' Meeting held on 2 April 2020. In the case of the chief executive officer, up to a maximum of 240,000 shares, which was allocated to him in 2020 when he was a member of senior management, and was not changed upon his appointment as chief executive officer.

The 2023-2025 Strategic Bonus was approved by the shareholders at the General Shareholders' Meeting held on 28 April 2023.

**iii) Long-term savings schemes**

Name	Remuneration for vested rights in savings schemes
Mr José Ignacio Sánchez Galán	
Mr Armando Martínez Martínez	
Mr Iñigo Víctor de Oriol Ibarra	
Ms María Helena Antolín Raybaud	
Mr Manuel Moreu Munaiz	
Mr Xabier Sagredo Ormaza	
Mr Juan Manuel González Serna	
Mr Anthony L. Gardner	
Ms Sara de la Rica Goiricelaya	
Ms Nicola Mary Brewer	
Ms Regina Helena Jorge Nunes	
Mr Ángel Jesús Acebes Paniagua	
Ms María Ángeles Alcalá Díaz	
Ms Isabel García Tejerina	
Ms Ana Colonques García-Planas	



Name	Contribution by the company in the financial year				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year 2024		Year 2023	
	Year 2024	Year 2023	Year 2024	Year 2023	Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights
Mr José Ignacio Sánchez Galán								
Mr Armando Martínez Martínez	200	200			1,438		1,186	
Mr Iñigo Víctor de Oriol Ibarra								
Ms María Helena Antolín Raybaud								
Mr Manuel Moreu Munaiz								
Mr Xabier Sagredo Ormazá								
Mr Juan Manuel González Serna								
Mr Anthony L. Gardner								
Ms Sara de la Rica Goiricelaya								
Ms Nicola Mary Brewer								
Ms Regina Helena Jorge Nunes								
Mr Ángel Jesús Acebes Paniagua								
Ms María Ángeles Alcalá Díaz								
Ms Isabel García Tejerina								
Ms Ana Colonques García-Planas								

Observations

In the case of the chief executive officer, this commitment was acquired when he was a member of senior management and was not changed as a result of his appointment as chief executive officer. The above amounts are as at 28 February 2033.



iv) Details of other items

Name	Item	Remuneration amount
Mr José Ignacio Sánchez Galán		
Mr Armando Martínez Martínez		
Mr Iñigo Víctor de Oriol Ibarra		
Ms María Helena Antolín Raybaud		
Mr Manuel Moreu Munaiz		
Mr Xabier Sagredo Ormaza		
Mr Juan Manuel González Serna		
Mr Anthony L. Gardner		
Ms Sara de la Rica Goiricelaya		
Ms Nicola Mary Brewer		
Ms Regina Helena Jorge Nunes		
Mr Ángel Jesús Acebes Paniagua		
Ms María Ángeles Alcalá Díaz		
Ms Isabel García Tejerina		
Ms Ana Colonques García-Planas		

Observations

**b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:****i) Remuneration accruing in cash (thousands of euros)**

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other items	Total in year 2024	Total in year 2023
Mr José Ignacio Sánchez Galán	566								566	582
Mr Armando Martínez Martínez										
Mr Iñigo Víctor de Oriol Ibarra										
Ms María Helena Antolín Raybaud										
Mr Manuel Moreu Munaiz										
Mr Xabier Sagredo Ormaza										
Mr Juan Manuel González Serna										
Mr Anthony L. Gardner										
Ms Sara de la Rica Goiricelaya										
Ms Nicola Mary Brewer										
Ms Regina Helena Jorge Nunes										
Mr Ángel Jesús Acebes Paniagua										
Ms María Ángeles Alcalá Díaz										
Ms Isabel García Tejerina										
Ms Ana Colonques García-Planas										

Observations



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

Name	Name of plan	Financial instruments at start of year 2024		Financial instruments granted during year 2024		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2024	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent / vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of Equivalent shares
Mr José Ignacio Sánchez Galán												
Mr Armando Martínez Martínez												
Mr Iñigo Víctor de Oriol Ibarra												
Ms María Helena Antolín Raybaud												
Mr Manuel Moreu Munaiz												
Mr Xabier Sagredo Ormaza												
Mr Juan Manuel González Serna												
Mr Anthony L. Gardner												
Ms Sara de la Rica Goiricelaya												
Ms Nicola Mary Brewer												
Ms Regina Helena Jorge Nunes												
Mr Ángel Jesús Acebes Paniagua												
Ms María Ángeles Alcalá Díaz												
Ms Isabel García Tejerina												
Ms Ana Colonques García-Planas												

**iii) Long-term savings schemes**

Name	Remuneration for vested rights in savings schemes
Mr José Ignacio Sánchez Galán	
Mr Armando Martínez Martínez	
Mr Iñigo Víctor de Oriol Ibarra	
Ms María Helena Antolín Raybaud	
Mr Manuel Moreu Munaiz	
Mr Xabier Sagredo Ormaza	
Mr Juan Manuel González Serna	
Mr Anthony L. Gardner	
Ms Sara de la Rica Goiricelaya	
Ms Nicola Mary Brewer	
Ms Regina Helena Jorge Nunes	
Mr Ángel Jesús Acebes Paniagua	
Ms María Ángeles Alcalá Díaz	
Ms Isabel García Tejerina	
Ms Ana Colonques García-Planas	



Name	Contribution by the company in the financial year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year 2024		Year 2023	
	Year 2024	Year 2023	Year 2024	Year 2023	Systems with vested economic rights	Systems with non- vested economic rights	Systems with vested economic rights	Systems with non- vested economic rights
Mr José Ignacio Sánchez Galán								
Mr Armando Martínez Martínez								
Mr Iñigo Víctor de Oriol Ibarra								
Ms María Helena Antolín Raybaud								
Mr Manuel Moreu Munaiz								
Mr Xabier Sagredo Ormaza								
Mr Juan Manuel González Serna								
Mr Anthony L. Gardner								
Ms Sara de la Rica Goiricelaya								
Ms Nicola Mary Brewer								
Ms Regina Helena Jorge Nunes								
Mr Ángel Jesús Acebes Paniagua								
Ms María Ángeles Alcalá Díaz								
Ms Isabel García Tejerina								
Ms Ana Colonques García-Planas								

Observations

**iv) Details of other items**

Name	Item	Remuneration amount
Mr José Ignacio Sánchez Galán		
Mr Armando Martínez Martínez		
Mr Iñigo Víctor de Oriol Ibarra		
Ms María Helena Antolín Raybaud		
Mr Manuel Moreu Munaiz		
Mr Xabier Sagredo Ormaza		
Mr Juan Manuel González Serna		
Mr Anthony L. Gardner		
Ms Sara de la Rica Goiricelaya		
Ms Nicola Mary Brewer		
Ms Regina Helena Jorge Nunes		
Mr Ángel Jesús Acebes Paniagua		
Ms María Ángeles Alcalá Díaz		
Ms Isabel García Tejerina		
Ms Ana Colonques García-Planas		

Observations



c) Summary of remuneration (thousands of euros):

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

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					
	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2024 company	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2024 group	Total in year 2024 company + group
Mr José Ignacio Sánchez Galán	6,500	7,079			13,579	566				566	14,145
Mr Armando Martínez Martínez	2,687	872	200		3,759						3,759
Mr Iñigo Víctor de Oriol Ibarra	366				366						366
Ms María Helena Antolín Raybaud	356				356						356
Mr Manuel Moreu Munaiz	520				520						520
Mr Xabier Sagredo Ormaza	527				527						527
Mr Juan Manuel González Serna	812				812						812
Mr Anthony L. Gardner	800				800						800
Ms Sara de la Rica Goiricelaya	614				614						614
Ms Nicola Mary Brewer	361				361						361
Ms Regina Helena Jorge Nunes	386				386						386
Mr Ángel Jesús Acebes Paniagua	776				776						776
Ms María Ángeles Alcalá Díaz	514				514						514
Ms Isabel García Tejerina	362				362						362
Ms Ana Colonques García-Planas	11				11						11
Total	15,592	7,951	200		23,743	566				566	24,309



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

Name	Total amounts accrued and % annual variation								
	Year 2024	% change 2024/2023	Year 2023	% change 2023/2022	Year 2022	% change 2022/2021	Year 2021	% change 2021/2020	Year 2020
Executive directors									
Mr José Ignacio Sánchez Galán	14,145	2.2	13,835	5.9	13,059	-1.10	13,204	8.23	12,200
Mr Armando Martínez Martínez	3,759	-7.3	4,056	25.8	3,225	191.58	1,106		
External directors									
Mr Iñigo Víctor de Oriol Ibarra	366	9.6	334	11.0	301	1.35	297	-5.41	314
Ms María Helena Antolín Raybaud	356	8.9	327	-9.4	361	-28.08	502	1.21	496
Mr Manuel Moreu Munaiz	520	8.3	480	49.1	322	-1.23	326	0.31	325
Mr Xabier Sagredo Ormaza	527	30.1	405	-23.1	527	3.74	508	0.59	505
Mr Juan Manuel González Serna	812	2.7	791	44.1	549	-0.54	552	2.99	536
Mr Anthony L. Gardner	800	5.3	760	41.8	536	61.93	331	14.93	288
Ms Sara de la Rica Goiricelaya	614	0.8	609	20.6	505	1.20	499	29.61	385
Ms Nicola Mary Brewer	361	13.5	318	7.4	296	2.07	290	36.79	212
Ms Regina Helena Jorge Nunes	386	10.3	350	14.4	306	4.08	294	36.11	216
Mr Ángel Jesús Acebes Paniagua	776	1.3	766	54.7	495	53.24	323	429.51	61
Ms María Ángeles Alcalá Díaz	514	-13.9	597	94.5	307	157.98	119		
Ms Isabel García Tejerina	362	13.5	319	7.4	297	137.60	125		
Ms Ana Colonques García-Planas	11	-	0	-	0	-	0	-	0
Consolidated results of the company	5,612	16.84	4,803	10.69	4,339	11.69	3,885	7.59	3,611
Average employee remuneration	84	2.44	82	10.81	74	8.82	68	-2.86	70

Observations

The average remuneration of employees, as well as the remuneration of executive directors, does not include employer social security contributions.



D. Further information of interest



D. Further information of interest

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

This Annual Report on Remuneration of Directors and Officers was approved by the Company's Board of Directors at its meeting held on 25 February 2025.

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

Yes

No



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.