

# Shareholder's

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# Guide

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# / 2018

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Iberdrola Tower / Bilbao

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# Shareholder's Guide

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## General Shareholders' Meeting / 2018

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EVENT**



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Ignacio Galán  
Chairman of the Board of Directors  
& CEO of IBERDROLA, S.A.  
© José Ramón Ladra

# Letter from the Chairman

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We are counting  
on everyone  
for the General  
Shareholders'  
Meeting to reflect the  
plurality, diversity  
and global nature of  
Iberdrola.





The permanent engagement of all of our shareholders is one of the key objectives of our corporate governance strategy. For this reason, at Iberdrola we strive each year to improve the channels for their participation in the General Meeting, and to make it more accessible, transparent and sustainable.

A total of 165,873 shareholders (present in person and by proxy) participated in the 2017 Meeting, with a quorum of 77.20 % of the share capital. As a result of our commitment to improve and innovate in order to facilitate the maximum participation, it will be possible in 2018 for the first time to grant a proxy and vote comfortably from anywhere, either by phone or the internet, using new accreditation forms that are simpler and more secure.

At the same time, we have continued working to create a Meeting without barriers, which is accessible to all and especially to those with reduced mobility or any other type of limitation, whether auditory or visual.

Our Meeting is also completely environmentally friendly, once again complying with the ISO 20121 standard and with the requirements to obtain the Erronka Garbia accreditation regarding the introduction of environmental standards into the design, planning and organisation of events.

Furthermore, the management of our Meeting is verified by an independent firm to ensure that the proxies and votes are properly recorded, strengthening the trustworthiness, legal security and leadership of Iberdrola in corporate governance.

All of these measures, which we will apply at our General Meeting 2018, are only some of those described in this new edition of the *Shareholder's Guide*, which clearly describes the main aspects of the agenda, the most significant issues regarding how the Meeting works, and the mechanisms available to the shareholders to exercise their rights before, during and after the holding thereof.

In conclusion, on behalf of the Board of Directors, I would like to thank our shareholders for the support you have provided us through personal meetings and through the channels of communication that the Company has opened and made available to you. We trust that they will be used to enable us to continue to maintain a constructive and effective dialogue, not only on occasion of the General Meeting, but also throughout the year.

**Ignacio Galán**  
**Chairman of the Board of Directors**



# Shareholder Day

Iberdrola encourages the active participation of the shareholders through constructive, ongoing and effective dialogue to which they are all invited.

Panoramic view with Iberdrola Tower  
in the background / Bilbao

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## 2.1

### Schedule<sup>1</sup>

Date: 13 April 2018.

9:00 h

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**Opening of doors to Palacio Euskalduna**

9:30 h

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**Welcome ceremony at Iberdrola Plaza**

10:05 h

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**Interview on strategy, results and outlook for Iberdrola**

11:00 h

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**Closing ceremony at Iberdrola Plaza**

11:30 h

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**Holding of the 2018 General Shareholders' Meeting<sup>2</sup>**

13:30 h

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**Drinks and snacks at the *Exhibition Hall* of Palacio Euskalduna**

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<sup>1</sup> This programme is provisional and any updates will be published in the section of the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) dedicated to Shareholder Day.

<sup>2</sup> If the General Shareholders' Meeting is held on first call, as expected. Otherwise, if the General Shareholders' Meeting is held on second call, it would be at the same place and time on the following day.

## 2.2

# Place of the Meeting

Palacio Euskalduna, avenida Abandoibarra número 4, 48011 Bilbao (www.euskalduna.net).

### Access Points to Palacio Euskalduna

Avenida Abandoibarra 4  
/ Bilbao

Parking **P**

Access door **3**

Tram **Tr**

Taxi **T**



### Location of activity zones

Shareholder Day 2018

/ Palacio Euskalduna

1. Access and accreditation

2. Iberdrola set

3. Cafe

4. Information / Shareholders' Club

5. Internet connection point

6. Delivery of documentation

7. Delivery of gift



**2.3**

## Participants

All shareholders meeting the requirements established to attend the General Shareholders' Meeting or the persons who are going to represent them thereat may participate in Shareholder Day.

**2.4**

## Attendees with Reduced Mobility

The Company will provide appropriate means to facilitate access to and egress from the premises where Shareholder Day will be held for all attendees with reduced mobility due to physical or visual limitations, for whom Iberdrola reserves specific locations in the auditorium of Palacio Euskalduna to follow the General Shareholders' Meeting.

**2.5**

## Playroom

The Company will provide a playroom for children of all ages supervised by qualified professionals for those attending Shareholder Day with minors.

**2.6**

## Sustainable Transport

In order to minimise the environmental impact of the event and encourage the use of non-polluting means of transport, the Company suggests using the Bilbao tram, which stops at Palacio Euskalduna and will be free for all users (whether or not they are shareholders) on the morning of the General Meeting.

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# General Shareholders' Meeting: Agenda

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The main event of Shareholder Day is the General Shareholders' Meeting, the principal channel for participation of the shareholders within the Company.

## 3.1

# Annual Accounts and Company Management

1. Approval of the annual accounts for financial year 2017.
2. Approval of the management reports for financial year 2017.
3. Approval of the management and activities of the Board of Directors during financial year 2017.

### What were the results of the Company during 2017?

During the financial year ended 31 December 2017, Iberdrola obtained a consolidated net profit, after taxes, equal to 2,804 million euros, against the 2,705 million euros obtained in the tax year 2016.

### What was the management of the Board of Directors during financial year 2017?

Iberdrola's Board of Directors and its five committees held 57 meetings during financial year 2017. At its meetings, the Board of Directors focused its work on defining the strategic goals of the Iberdrola group and its principles of organisation and coordination, as well on supervising compliance therewith, with the support of the Executive Committee. For more information about its activities during the 2017 financial year, see the *Activities Report of the Board of Directors and of the Committees thereof*.

### What is the opinion of the auditor regarding the individual and consolidated accounts of the Company?

The report of the Company's auditor, KPMG Auditores, S.L., does not contain any qualifications. In its opinion, the individual and consolidated annual accounts of the Company for financial year 2017 give a true and fair view, in all material respects, at both the individual and consolidated levels, of the equity and financial position of the Company and its group, as well as the results of operations and cash flows for the financial year ended 31 December 2017.

🕒 More information: see the *Annual Financial Report for Financial Year 2017*, the *Report on the Independence of the Auditor in relation to the Audit Report for Financial Year 2017* and the *Activities Report of the Board of Directors and of the Committees thereof for Financial Year 2017*.

## 3.2

## Renewal of the Board of Directors

**4. Appointment of Mr Anthony L. Gardner as independent director.**

**5. Re-election of Ms Georgina Kessel Martínez as independent director.**

### What standards are the proposed renewals of the Board of Directors based on?

The Company has a public, specific and verifiable *Board of Directors Diversity and Director Candidate Selection Policy* ensuring that the Board of Directors has the diversity, skills and experience needed to perform the duties thereof.

A description of the criteria taken into consideration in each proposal is set forth in the corresponding report.

### Who proposes them?

The proposals have been prepared by Iberdrola's Appointments Committee, after evaluating the skills, experience and merits of the candidates and verifying that they are not affected by any of the instances of disqualification, prohibition or conflict of interest provided by law or the Company's Corporate Governance System.

### What does the appointment of Anthony L. Gardner as director contribute?

Mr Gardner, former of the United States of America to the European Union, has prior knowledge of Iberdrola group, as he has held the positions of independent director and member of the Audit and Compliance Committee of Scottish Power, Ltd. Besides, his experience in the area of international relations may contribute positively to the internationalization strategy of the Company. Finally, the candidate has an extensive experience the financial and corporative sectors, in sectors of increasing significance for the Company, including cybersecurity and collaborates with several nonprofit entities of acknowledged international prestige.

### What are the reasons for the re-election of Georgina Kessel Martínez?

The re-election of the director responsible for leading the Audit and Risk Supervision Committee, Georgina Kessel Martínez, will allow the Company to continue to rely on her deep knowledge of the Mexican market and her broad experience in the energy reform of one of the main territories in which the Iberdrola group does business, favouring diversity within the Board of Directors with respect to both her origin and in the area of gender equality.

🕒 **More information:** see the report of the Board of Directors regarding the renewal of the Board of Directors, which includes the proposals of the Appointments Committee.

## What will be the composition of the Board of Directors after the General Shareholders' Meeting?

If the respective proposed resolutions are approved, the composition of the Board will be as follows:

Director	Position	Class
José Ignacio Sánchez Galán	Chairman & CEO	Executive
Íñigo Víctor de Oriol Ibarra	Member	Other external
Inés Macho Stadler	Member	Independent
Samantha Barber	Member	Independent
María Helena Antolín Raybaud	Member	Independent
Ángel Acebes Paniagua	Member	Independent
Georgina Kessel Martínez	Member	Independent
Denise Mary Holt	Member	Independent
José Walfredo Fernández	Member <sup>1</sup>	Independent
Manuel Moreu Munaiz	Member <sup>1</sup>	Independent
Xabier Sagredo Ormaza	Member	Other external
Juan Manuel González Serna	Member	Independent
Francisco Martínez Córcoles	Business CEO	Executive
Anthony L. Gardner	Member	Independent
Julián Martínez-Simancas Sánchez	Non-director Secretary	
Santiago Martínez Garrido	Non-director Deputy Secretary	
Rafael Mateu de Ros Cerezo	Counsel	



Interview with Ignacio Galán during Shareholder Day 2017  
/ Palacio Euskalduna - Bilbao

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### 3.3

## Remuneration

6. Approval of the proposed allocation of profits/losses and distribution of dividends for financial year 2017, the supplementary payment of which will be made within the framework of the “Iberdrola Flexible Remuneration” system.
7. Approval of a first increase in capital by means of a scrip issue at a maximum reference market value of 1,310 million euros in order to implement the “Iberdrola Flexible Remuneration” system.
8. Approval of a second increase in capital by means of a scrip issue at a maximum reference market value of 1,140 million euros in order to implement the “Iberdrola Flexible Remuneration” system.
9. Approval of a reduction in share capital by means of the retirement of a maximum of 198,374,000 own shares (3.08 % of the share capital).
10. Consultative vote regarding the *Annual Director Remuneration Report* for financial year 2017.
11. Approval of a new *Director Remuneration Policy*.

### What is “Iberdrola Flexible Remuneration”?

It is a new flexible remuneration formula implemented by the Company, as a result of ongoing dialogue with its shareholders, which improves the current system and allows them to choose between three options of remuneration:

- (a) Receive new bonus shares of the Company (with no tax withholding).
- (b) Receive cash by selling their free-of-charge allocation rights on the market (with a tax withholding).
- (c) Receive a fixed amount in cash, which the Company pays through the distribution of a cash dividend (with a tax withholding).

A shareholder may also combine the three options based on the shareholder's needs.

The free-of-charge allocation of new shares to shareholders who fully or partially choose the first option, or to those who have acquired free-of-charge allocation rights on the market, is implemented through two increases in capital by means of scrip issues (i.e. with a charge to the reserves of the Company).

🕒 For more information, see the respective report of the Board of Directors.

### **When does Iberdrola remunerate its shareholders?**

The “Iberdrola Flexible Remuneration” system proposed to the shareholders at the General Shareholders' Meeting provides for two approximate implementation dates:

- (a) July 2018. In this implementation, the maximum reference market value of the shares issued and distributed will be 1,310 million euros.
- (b) December 2018 or January 2019. In this implementation, the maximum reference market value of the shares issued and distributed will be 1,140 million euros.

### **What is the purpose of the buy-back programme and the reduction in share capital by means of the retirement of own shares?**

The reduction in capital and the share buy-back programme are intended to avoid dilution of the financial ratios per share as a result of the implementation of the “Iberdrola Flexible Remuneration” system, which benefits all the shareholders.

The resolution is intended, on the one hand, to ratify the resolutions of the Board of Directors in connection with the approval of the share buy-back programme for all shareholders and, on the other, to reduce capital through the retirement of both treasury shares of the Company and those acquired under the above-mentioned share buy-back programme.

🕒 More information: see the reports of the Board of Directors regarding the proposed increase in capital and proposed reduction in capital.

### **What are the principles of the new Director Remuneration Policy being submitted to the shareholders for approval at the General Shareholders' Meeting?**

The new policy is based on the following basic principles:

- (a) Provide appropriate remuneration for the dedication and responsibility assumed by the directors, in accordance with that paid in the market at comparable companies.
- (b) Align remuneration with the values of the Company, with shareholder return and with the commitment to maximise the social dividend.
- (c) Ensure that remuneration helps to achieve the strategic goals of Iberdrola.

### **Is the remuneration of the Board of Directors still frozen?**

The new *Director Remuneration Policy* provides for maintaining the fixed remuneration and amounts payable as attendance bonus for all directors, as well as the limit on the annual variable remuneration of the chairman & chief executive officer, for the next three financial years. The fixed remuneration of the non-executive directors and the amounts for the attendance bonus have been frozen since 2008.

🕒 More information: see the *Annual Director Remuneration Report* for financial year 2017.

**3.4**

## Treasury Shares

### ■ 12. Approval for the Board of Directors to acquire own shares.

#### **What is the approval asked for?**

Approval is requested for Iberdrola to acquire its own shares, as is typically done by listed companies, for sale or retirement, for application of remuneration systems, or for the development of programmes fostering participation in the equity of the Company.

**3.5**

## Formalisation of Resolutions

### ■ 13. Delegation of powers for the formalisation and conversion into a public instrument of the resolutions adopted.

#### **What is the object of this resolution?**

This resolution, which is of a technical nature, is intended to facilitate the implementation of the resolutions adopted by the shareholders at the General Shareholders' Meeting on the preceding items, mainly with a view to recording them with the Biscay Commercial Registry.



Point of attention to the  
shareholder 2017 / Madrid

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# Preparation for the Meeting: Information

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The Office of the Shareholder  
is available at all times for  
any query or clarification.



## 4.1

# Documentation on the Corporate Website ([www.iberdrola.com](http://www.iberdrola.com))

**1. Announcement of the call to the General Shareholders' Meeting.**

**2. Form of attendance, proxy and absentee voting card that the Company makes available to the depositaries to facilitate the issuance thereof.**

**3. Shareholder's Guide.**

**4. Full text of the proposed resolutions corresponding to the items included in the agenda of the call to meeting, together with the reports providing the rationale for the proposed appointment and re-election of directors (items 4 and 5), increases in capital by means of scrip issues (items 7 and 8), reduction in capital (item 9) and the new *Director Remuneration Policy* (item 11).**

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**5. Current texts of the Corporate Governance System of the Company, including the By-Laws, the Regulations for the General Shareholders' Meeting and the Regulations of the Board of Directors.**

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**6. Annual Financial Report of the Company for financial year 2017, which includes:**

- a. the individual annual accounts of the Company and the annual accounts of the Company consolidated with those of its subsidiaries for financial year 2017;
  - b. the individual management report of the Company and the management report of the Company consolidated with those of its subsidiaries for financial year 2017;
  - c. the respective audit reports; and
  - d. the directors' statement of responsibility provided for in section 118 of the Securities Market Act (*Ley del Mercado de Valores*).
- 

**7. Other annual reports for financial year 2017 approved by the Board of Directors or by the consultative committees thereof:**

- a. Annual Corporate Governance Report.
- b. Annual Director Remuneration Report.
- c. Activities Report of the Board of Directors and of the Committees thereof.
- d. Sustainability Report.
- e. Shareholder Engagement Report.
- f. Report on the Independence of the Auditor in relation to the Audit Report for Financial Year 2017 approved by the Audit and Risk Supervision Committee.
- g. Report on Related-Party Transactions with Directors and Significant Shareholders approved by the Appointments Committee.

A few days after the publication of the announcement of the call to meeting, the corporate website will include the *Integrated Report*, summarising the key operating and financial figures of the annual reports for financial year 2017 —based on the financial statements submitted for approval by the shareholders at the General Shareholders' Meeting— and which reflects future prospects and the strategic positioning of the Company.

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**8. Information regarding the total number of shares and voting rights on the date of publication of the announcement of the call to meeting.**

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**9. Locations, dates and hours of the shareholder information desks.**

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**10. Implementing Rules for the General Shareholders' Meeting.**

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## 4.2

### Accessibility of the Corporate Website

For purposes of access to the information concerning the General Shareholders' Meeting through the corporate website ([www.iberdrola.com](http://www.iberdrola.com)), the shareholders are informed that it is continuously updated and has been developed in compliance with priority guidelines 1 and 2 of the web content accessibility guide 2.0 (WCAG) established by the World Wide Web Consortium (W3C), in order to enable all shareholders, regardless of disability or the use of unconventional technology, to access and browse the corporate website.

## 4.3

### Translation into English

An English translation of the main documents relating to the General Shareholders' Meeting will be included on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) after the publication of the announcement of the call to meeting. In the event of any discrepancy between the English translation and the Spanish version, the latter shall prevail.

## 4.4

### Documentation at the Registered Office

Although Iberdrola prioritises the use of the corporate website to make the documentation available to all shareholders sustainably and without charge, it will in any case respect the right of the shareholders to examine at the registered office and to request the immediate delivery or shipping without charge (which may take place by e-mail, with confirmation of receipt, if the shareholder accepts this form of delivery) of a copy of:

- (a) the individual annual accounts and management report of the Company and the annual accounts and management report of the Company consolidated with those of its subsidiaries, together with the respective audit reports, for financial year 2017.
- (b) The proposed resolutions and the director reports.
- (c) The other documents that must be made available to the shareholders.

**4.5**

## Shareholders with Hearing or Visual Limitations

Shareholders with hearing limitations will have a telephonic video service available to access Spanish sign language interpreters.

Shareholders with visual limitations may use the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) to request the delivery of this announcement of the call to meeting printed in the Braille system, as well as the delivery of any other document published by the Company on occasion of the call to the General Shareholders' Meeting in a format compatible with reading systems for persons with such limitations.

**4.6**

## Beneficial Shareholders

Pursuant to the provisions of law and the Corporate Governance System, Iberdrola can only recognise the legal status of shareholder for those persons who have shares of Iberdrola registered in their name with a participant in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal ("Iberclear").

Those persons holding shares of Iberdrola through entities that are not participants in Iberclear (beneficial shareholders) should check with their entity on how they can exercise the rights to receive information and participate in the General Shareholders' Meeting corresponding to said shares.

**4.7**

## Holders of ADRs and CDIs

Registered holders of American Depositary Receipts ("ADRs") representing shares of the Company will receive, through JPMorgan Chase Bank, N.A., the voting instructions card by means of which they will be able to exercise their voting rights at the General Shareholders' Meeting.

Holders of CREST Depository Interests ("CDIs") representing shares of the Company will receive from Equiniti Limited the voting instructions card by means of which they will be able to instruct the depository of the CDIs to exercise their voting rights in their name at the Company's General Shareholders' Meeting.

In addition, holders of CDIs may request the documents and information relating to the General Shareholders' Meeting (or a summary thereof) by writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, prior to the holding thereof. Holders of ADRs and CDIs who wish to ask any questions in connection with the General Shareholders' Meeting may send them to the Company by e-mail to [investor.relations@iberdrola.es](mailto:investor.relations@iberdrola.es) or by post to calle Tomas Redondo 1, 28033 Madrid, Spain, to the attention of the Office of the Shareholder.

## 4.8

# Institutional Investors and Proxy Advisors

## Investor Relations Office

Fax: (+34) 917 842 064.

E-mail: [investor.relations@iberdrola.es](mailto:investor.relations@iberdrola.es)

Post: Plaza Euskadi número 5, 48009 Bilbao

## Corporate Governance Division

Fax: (+34) 944 664 481.

E-mail: [gobierno.corporativo@iberdrola.es](mailto:gobierno.corporativo@iberdrola.es)

Post: Plaza Euskadi número 5, 48009 Bilbao

## 4.9

# Office of the Shareholder

Free phone: 900 100 019 (hours: from Monday to Friday, from 9:00 to 19:00).

E-mail: [accionistas@iberdrola.com](mailto:accionistas@iberdrola.com).

# 5

## Participation in the Meeting: Attendance, Proxy-granting or Absentee Voting

Iberdrola gives its shareholders all of the means to participate, including a new application compatible with mobile devices, as well as the ability to grant their proxy and cast an absentee vote by telephone.



## 5.1

# Alternatives to Participate in the Meeting

## Who has the right to participate in the Meeting?

All shareholders whose shares have been registered in their name in the respective book-entry register prior to 9 April 2018 (if the General Shareholders' Meeting is held, as anticipated, on first call).

## How can shareholders participate in the Meeting?

Shareholders may attend the General Shareholders' Meeting in person or through a proxy representative. Alternatively, they may cast an absentee vote prior to the General Shareholders' Meeting, without needing to attend in person.

## 5.2

## Attend the Meeting

### What documents should the shareholders bring in order to attend the General Shareholders' Meeting in person?

The national identity document or any other official identification document generally accepted for such purpose. It is not necessary to bring the attendance, proxy and absentee voting card.

### From what time can one enter Palacio Euskalduna?

Beginning at 9:00 on the day of the meeting.

### Can shareholders access the General Shareholders' Meeting after the time set for commencement specified in the call to meeting?

Shareholders and proxy representatives arriving after the time of commencement of the meeting set in the call to the General Shareholders' Meeting (i.e. after 11:30) may enter the meeting as invitees.

### Can I attend with a companion?

The Company may authorise the entry of companions of shareholders or their proxy representatives with reduced mobility or with special needs for assistance. In this case, the companions will attend the event as invitees.

## 5.3

## Grant a Proxy or Cast an Absentee Vote

### How can one grant a proxy or cast an absentee vote?

Iberdrola works to facilitate the participation of all shareholders who desire to grant their proxy or cast an absentee vote, using its efforts to increase the number of alternatives and simplify the existing formulas. The options for granting a proxy and casting an absentee vote are:

1. **Internet:** connecting to the "Electronic proxy and voting" application available on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)), verifying your identity by any of the means provided for in section 5.4 below.
2. **Telephone:** calling the free phone number of the Office of the Shareholder 900 100 019, available from 9:00 to 19:00, Monday to Friday, and verifying your identity in accordance with the provisions of section 5.4 below.
3. **Shareholder Information Desks:** delivering the card or just bring your ID (DNI) to access the electronic devices installed at any of these locations.
4. **Post:** sending the card to apartado de correos número 1.113, 48080 Bilbao.

In addition, as in prior years, you may grant a proxy or cast an absentee vote through your depositary, delivering your card to the office of the depositary acting as intermediary.

The Office of the Shareholder can inform shareholders on a personalised basis of the alternatives available to participate in the General Shareholders' Meeting based on their preferences.

### **What period do shareholders have to grant proxies and cast absentee votes?**

- Electronic and telephone channels: from 23 February to 12 April.
- Shareholder Information Desks: from 4 to 12 April.
- Post: cards will be accepted until 12 April.

The Company reserves the ability to extend these periods upon the terms set forth in the Implementing Rules for the General Shareholders' Meeting.

### **What devices can I use to grant a proxy or vote by internet?**

The "Electronic proxy and voting" application available on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) is compatible with any device that has access to the Internet, including mobile devices and tablets.

### **To whom can I grant the proxy?**

All shareholders having the right to attend may be represented at the General Shareholders' Meeting by another person, even though not a shareholder. If the proxy is granted to third parties, it is recommended that the national identity document (DNI) number together with the given name and surnames of the proxy representative be included in the proxy cards that they send to the Company to facilitate their identification at the entrances to the premises where Shareholder Day is held.

### **How should proxy representatives be accredited to access the General Shareholders' Meeting?**

The proxy representative must be identified as such and provide documents to verify the proxy representative's identity at the registration desks available on Shareholder Day from 9:00. The proxy representative must also bring the corresponding proxy card signed by the shareholder, unless the shareholder has previously provided the proxy to the Company (in which case the representative need not bring the card).

Persons attending on behalf of corporate shareholders must provide evidence of their representative authority by bringing the relevant document of appointment or power-of-attorney.

Representatives are advised to present themselves at Palacio Euskalduna on the day of the General Meeting sufficiently in advance to verify the proxy.





## 5.4

# Identification Systems for Granting a Proxy or Voting by Internet or by Phone

### How do I identify myself in order to participate electronically?

If you are an individual shareholder, you can grant your proxy or vote electronically using your recognised electronic signature (based on your electronic national identity document (DNI) or an electronic certificate issued by the Royal Spanish Mint (*Fábrica Nacional de Moneda y Timbre*) in respect of which no revocation has been recorded), your “personal Iberdrola passwords” or the accreditation form available on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)). In this last case, you must identify yourself with your DNI and state a mobile phone number and the number of shares you own (including co-owned shares); the Company will then make a real-time verification of the identification data, comparing them with the information it holds, and will send a text message to the mobile phone number provided with a security code in order for you to be able to grant the proxy or cast the vote, provided that there are no technical impediments to doing so.

### How do I identify myself in order to participate by telephone?

If you are an individual shareholder, you can grant your proxy or vote by telephone identifying yourself with your DNI and stating the number of shares that you own (including co-owned shares).

### What are the “personal Iberdrola passwords” used for? How can I obtain them?

The “personal Iberdrola passwords” allow you to access the exclusive shareholder channel On Line Shareholders (OLS) as well as to participate remotely in the General Shareholders’ Meeting. You can request them at absolutely no charge through the Company’s corporate website ([www.iberdrola.com](http://www.iberdrola.com)).

After verifying your identity (by comparing the number of shares owned with information available to the Company), Iberdrola will send the personal passwords by e-mail to the address that you provide.

### Will “personal Iberdrola passwords” obtained previously continue to be valid?

Yes. If you already have passwords because you are a user of On Line Shareholders (OLS) or because you requested them for other general shareholders’ meetings, you can use them to identify yourself to grant a proxy or vote electronically.

### What measures are used to avoid identity theft?

In addition to the accreditation requirements mentioned above, Iberdrola will confirm to all shareholders who have not identified themselves with a recognised electronic signature the receipt of their proxies and absentee votes by sending a letter via post to the address appearing at Iberclear or in the records of the Company.

🕒 See demo of the “Electronic proxy and voting” application”.

## 5.5

## Attendance, Proxy-granting and Absentee Voting Cards

**What is the attendance, proxy and absentee voting card used for?**

The card allows you to grant a proxy or cast an absentee vote by filling it out and sending it to the Company by post or delivering it to any of the Shareholder Information Desks or to your depository. Remember that you do not need the card to attend the Meeting or to grant a proxy or cast an absentee ballot by internet or by phone.

**What do I do if I don't receive it or it is lost?**

Shareholders can contact their depository in order for it to issue them a duplicate of their card, or access Iberdrola's corporate website in order to request a duplicate card issued by the Company, duly verifying their identity in the manner indicated in section 5.4 for participating via data transmission.

**How do I fill it out?**

Iberdrola has provided the financial intermediary and management institutions or depositories of the shares with a form of card. If you are going to use it to grant a proxy or cast an absentee vote by sending it to the Company by post or delivering it to any of the Shareholder Information Desks or to your depository, you should fill it out by following the instructions below. If the card that your institution has sent you does not follow this form, you can contact the Office of the Shareholder to obtain help in filling out the card.

**How can changes be made to the personal data on the card?**

The depository should be contacted.

Check this box if you wish to cast an absentee vote. Otherwise, it will be deemed that you grant a proxy

## Front of card

You can vote by checking this box:

☐

You can grant your proxy to any person, even if they are not a shareholder. To do so, fill out this box:

I grant my proxy to:

If you don't indicate the identity of a different person, your proxy representative will be the chairman of the Board of Directors.

The voting form is included on the back. If not filled out, it shall be deemed that you vote, or if granting your proxy, that you give specific instructions to vote, in favour of all resolutions proposed by the Board of Directors.

To use this card to grant a proxy or cast an absentee vote, it must, **after it is signed**, be sent to IBERDROLA, S.A. (apartado de correos 1.113, 48080 Bilbao) or delivered to the shareholder information desks announced on [www.iberdrola.com](http://www.iberdrola.com). If granting a proxy, this card may also be delivered to your proxy representative in order for the representative to attend the General Shareholders' Meeting with the card signed by the shareholder and with the representative's DNI or other equivalent document.

Sign here

### Attendance Bonus

IBERDROLA, S.A. will pay an attendance bonus of 0.005 euro (gross) per share **for all shares in attendance at the General Meeting, whether the shareholder attends the proceeding in person or does so represented by another person (whether or not a shareholder or director) or casts an absentee vote** using any means allowed by the Company.

This document will be interpreted in accordance with the provisions of the Corporate Governance System and the *Implementing Rules for the General Shareholders' Meeting*, available on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)).

If you want to either grant a proxy or cast an absentee vote, remember to sign the card.

If you choose to grant a proxy, you can state the identity of your proxy representative here. Otherwise, it will be deemed that you grant your proxy to the chairman of the Board of Directors.

It will be deemed that you vote in favour, or instruct your proxy representative to vote in favour, of all resolutions proposed by the Board of Directors, unless you fill out the boxes indicating otherwise

## Back of card

The shareholder votes, or if granting a proxy gives the proxy representative specific instructions to vote, in favour of all resolutions proposed by the Board of Directors, unless otherwise specified below by checking the corresponding boxes with an "x" in black or blue ink (any notation made in another form or place will not be detected in the electronic processing of the cards):

Items on the agenda	1	2	3	4	5	6	7	8	9	10	11	12	13
For													
Against													
Abstain													
Blank													

Proposed resolutions that have not been submitted by the Board of Directors or regarding items not included on the agenda

Unless the NO box is checked, it will be deemed that the shareholder casting an absentee vote grants the shareholder's proxy to the chairman of the Board of Directors and that the shareholder granting their proxy extends it to cover such proposals. If the NO box is checked, the shareholder shall be deemed to have abstained or instructed the proxy representative to abstain with respect to said proposals.....

NO ☐

Matters in which the proxy representative is affected by a conflict of interest

Unless the NO box is checked, the proxy will be deemed to have been granted in connection with such matters, successively (if the substitute proxy representative is also affected by a conflict of interest), to the chair of the General Shareholders' Meeting, to the secretary for the General Shareholders' Meeting and to the deputy secretary of the Board of Directors. If the NO box is checked, the shareholder shall be deemed to instruct the proxy representative to abstain in connection with such matters.....

NO ☐

Potential conflicts of interest of directors acting as proxy representatives

Agenda items 5 (re-election of Ms Georgina Kessel Martínez as independent director), 10 (consultative vote on the *Annual Director Remuneration Report* for financial year 2017) and 11 (new *Director Remuneration Policy*), as well as if the removal of or the filing of a derivative liability action against a member of the Board of Directors is proposed to the shareholders at the General Shareholders' Meeting.

If there is a conflict of interest, the proxy will be deemed to have been granted in connection with such matters, successively, to the chair of the General Shareholders' Meeting, to the secretary for the General Shareholders' Meeting, and to the deputy secretary of the Board of Directors unless this box is checked, in which case it will be deemed that you instruct your proxy representative to abstain.

It will be deemed that you grant your proxy to the chairman of the Board of Directors for matters not included in the agenda for the call to meeting unless you check this box.





# During the Meeting: Presentations and Voting

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The Meeting reflects the linguistic plurality of the territories in which the Iberdrola group does business, offering systems of interpretation into Spanish, Euskera (Basque), English and Brazilian Portuguese.

## 6.1

## Presentations and Voting

### **Can the shareholders or their proxy representatives make presentations during the General Shareholders' Meeting?**

Yes. Requests by shareholders or their proxy representatives to make presentations shall be made to the Office of the Shareholder, which shall be available for this purpose within the auditorium of Palacio Euskalduna beginning at 10:30 on the day of the General Shareholders' Meeting.

### **When should the requests to make presentations be submitted?**

It is suggested that such requests be submitted as soon as possible after entering Palacio Euskalduna to facilitate preparation of the list of participants. Presentations must in any event be requested before the Meeting begins.

### **How should the requests to make presentations be submitted?**

By verifying with the Office of the Shareholder your identity and, if applicable, the company name in case you represent a corporate shareholder, as well as the number of shares that you own or represent.

If you intend to make a presentation during the General Shareholders' Meeting, read the *Implementing Rules for the General Shareholders' Meeting* to know the matters with respect to which you can do so, the time for doing so and the guidelines to keep in mind when making your presentation.

### **When can the shareholders make presentations?**

During the presentation period, when they are called by the secretary for the General Shareholders' Meeting.

### **When are the proposals put to a vote?**

At the end of the period for presentations by shareholders and their representatives and for response by the chair of the General Shareholders' Meeting.

### **How are the proposals put to a vote?**

The chair of the General Shareholders' Meeting has the duty to determine the voting procedures and systems in accordance with the law and the Company's Corporate Governance System.

Shareholders and their proxy representatives have the right to have the notary record their vote in favour, against or in blank, or their abstention, in the minutes of the meeting.

## 6.2

### Attendees with Hearing or Visual Limitations

The General Shareholders' Meeting will be subject to simultaneous interpreting into Spanish sign language and audio description for attendees with visual limitations. The auditorium will also be equipped with a magnetic loop and electronic subtitling to facilitate the following of the General Shareholders' Meeting by persons with hearing limitations.

## 6.3

### Linguistic Plurality

In consideration of the languages of the territories in which the Iberdrola group does business, presentations in Spanish will be subject to simultaneous interpretation into Euskera (Basque), English and Brazilian Portuguese. Shareholders may also make their presentations in any of said languages, and in this case their presentations will be subject to consecutive interpretation into Spanish.

Interview on Environment  
during Shareholder Day 2017  
/ Palacio Euskalduna - Bilbao

© Estanis Núñez







# Results of the Meeting and Guarantees of Transparency

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Attendees will have real-time information regarding the quorum and the provisional results.

## 7.1

### Quorum

#### How can one find out the quorum for the General Shareholders' Meeting?

On the day of the General Shareholders' Meeting, real-time information will be projected at Palacio Euskalduna regarding the number of shares present in person and by proxy, as well as the percentage of share capital that they represent. Quorum information will be published on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) after the General Shareholders' Meeting.

## 7.2

### Voting Results

#### When will the voting results be announced?

When voting on the proposed resolutions, the provisional results from the counting of the votes will be projected on the auditorium screens. Pursuant to the provisions of the *Regulations for the General Shareholders' Meeting*, if the chair of the Meeting determines that there is a sufficient number of votes to approve or reject all or part of the proposed resolutions, the chair may declare them to be approved or rejected, in whole or in part.

#### How can one find out the results of the votes at the General Shareholders' Meeting and access the resolutions that have been adopted?

On the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) within five calendar days of the end of the General Shareholders' Meeting.

## 7.3

### Observation and Dissemination

#### What measures does the Company take to facilitate the observation and dissemination of the General Shareholders' Meeting?

An audiovisual recording will be made of the proceedings of the General Shareholders' Meeting for live broadcast through such media as the Company may determine, and will be available to the public on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)) in the absence of technical incidents beyond the Company's control.

Quorum data projected at the 2017 General Shareholders' Meeting  
/ Palacio Euskalduna - Bilbao

© Estanis Núñez



## 7.4

# Other Guarantees of Shareholder Rights

**What other measures are established by the Company to guarantee the rights and interests of the shareholders?**

The Board of Directors has been advised by its legal counsel concerning the call to the General Shareholders' Meeting and has resolved to request the presence of a notary to prepare minutes of the General Shareholders' Meeting.

In addition, Deloitte Advisory, S.L. will review compliance with the procedures relating to proxy-granting, absentee voting, list of shares and shareholders present in person and by proxy, quorum, calculation, exercise of the right to participate by the shareholders or their proxy representatives, processing and counting of the proxies and votes of the shareholders at the General Shareholders' Meeting, as well as compliance generally with the Company's Corporate Governance System and the *Implementing Rules for the General Shareholders' Meeting* as regards the proceedings of the General Shareholders' Meeting.

The legal validity and conformance of the *Implementing Rules for the General Shareholders' Meeting* to the Corporate Governance System has been the subject of a favourable legal opinion issued by María Enciso Alonso-Muñumer, attorney-at-law and lecturer in commercial law at Universidad Rey Juan Carlos.



**How are the image rights of the attendees protected?**

Images of the attendees will be captured and disseminated in strict observance of law and the Corporate Governance System, and particularly the provisions of article 22.5 of the *Regulations for the General Shareholders' Meeting*, as well as the applicable provisions of the *Implementing Rules for the General Shareholders' Meeting*, which can be viewed on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)). In addition, on the day of the General Shareholders' Meeting, attendees will be expressly warned on screens and signs at Palacio Euskalduna of the capture and possible use of their voice and image.

**How does the Company process the personal data of its shareholders?**

The personal data that shareholders provide to the Company or that are provided thereto within the framework of the General Shareholders' Meeting will be included in files for which the Company is responsible in order to manage the development, compliance with and supervision of the shareholding relationship.

If the shareholder includes personal data of other individuals on the card, the shareholder shall be responsible for informing such persons of the details set forth above and for complying with any other requirements that may apply for the proper provision of personal data to the Company, without the Company having to take any additional action in terms of information or consent.

**How can the rights of access, rectification, objection and erasure of personal data be exercised?**

The data subject shall, in all cases and whenever legally admissible, be entitled to exercise the rights of access, rectification, objection or erasure of the data collected by the Company by sending a letter to Iberdrola at Plaza Euskadi número 5, 48009 Bilbao, to the attention of the Office of the Secretary of the Board of Directors.



# Attendance Bonus and Other Incentives for Participation

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The Company will pay 0.005 euro (gross) for each share held by shareholders present in person or by proxy.

**8.1**

## Attendance Bonus

The Company, through the respective depositaries, will pay 0.005 euro (gross) for each share to the shareholders present at the General Shareholders' Meeting in person or by proxy who have provided due evidence of their attendance thereat in person, by proxy or by absentee voting card.

**8.2**

## Gift for Shareholders who Attend the Meeting

The Company will deliver a gift to shareholders who attend the General Shareholders' Meeting in person and to those who grant their proxy or cast an absentee vote at the shareholder information desks provided by the Company.

As a measure to favour the sustainability of the Meeting, shareholders who grant their proxy or vote by internet or by phone and wish to receive the gift may go to any of the shareholder information desks with their national identity document or any other generally accepted official identification document that the Company deems appropriate for said purposes on the dates set forth therein. Home delivery of the gift is not offered.

🕒 For more information, see the *Implementing Rules for the General Shareholders' Meeting*.



# Sustainable Meeting

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Iberdrola's Meeting is certified for yet another year as a sustainable event due to the management of its economic, social and environmental impact.



## 9.1

## Sustainable Event

The Basque Government, through the public company Ihobe, and AENOR have issued certificates verifying that Iberdrola has complied with the standards on the environmental sustainability of events in the Basque Country (Erronka Garbia) and with the ISO 20121 standard for sustainable event management, respectively, in the management of the General Shareholders' Meeting.

### What does the Meeting being a sustainable event mean?

It means that all processes of the Meeting, from the planning to the holding thereof, follow sustainability standards in order to maximise Iberdrola's contribution to the local economy and to the improvement of the environment.

### What are the key elements for complying with the ISO 20121 standard?

To know and respond to the needs of Iberdrola's General Shareholders' Meeting stakeholders, to maintain a relationship of trust and involvement with its suppliers, and to maximise the socioeconomic impact in Bilbao, where the registered office is located and the Meeting is held.

### What initiatives relating to the sustainability of the Meeting have been implemented?

Iberdrola has promoted numerous initiatives, including the hiring of local suppliers and persons at risk of exclusion, the implementation of measures to improve energy efficiency, the promotion of sustainable transport, actions to ensure the accessibility of groups with differing abilities (event accessible to 100 % of the attendees), day care service as a measure to favour reconciliation, and the use of recyclable and reusable materials.

## SUSTAINABLE EVENT



Electric tram  
/ Bilbao  
© Comunitat



## 9.2

## Commitment to Continuous Improvement

As a responsible company with a *Sustainability Policy* in which it commits to the sustainable management of its most significant events, Iberdrola has made a commitment to the continuous improvement of the General Shareholders' Meeting and of the system for the sustainable management thereof. In compliance with this commitment, the Company makes the e-mail address [juntasostenible@iberdrola.com](mailto:juntasostenible@iberdrola.com) available to all the General Shareholder's Meeting stakeholders, through which they can express their opinion regarding the organisation of the event to allow the Company to identify any opportunities for improvement for the holding of subsequent General Shareholders' Meetings.

## 9.3

## Ongoing Communication: Iberdrola Investor Relations App and On Line Shareholders (OLS) Channel

Download the [Iberdrola Investor Relations App](#) to obtain more information regarding the General Shareholders' Meeting, to access the presentation of results in real time, to see the share price and performance, financial documentation, extra multimedia content, dividends, schedule of events and more.

Stay in touch with Iberdrola through [On Line Shareholders \(OLS\)](#), an interactive system that will allow you to easily and continuously, both before and after the General Shareholders' Meeting:

- View the most frequently asked questions and answers regarding the Company.
- Make queries of or request clarifications, either openly or confidentially vis-à-vis other shareholders, regarding the matters contemplated in the preceding section or regarding issues relating to your status as a shareholder.
- Access the legal and corporate documentation that you require.
- Make queries regarding the ethical principles governing the Iberdrola group or report situations that are not in accordance therewith through the Ethics Mailbox.

You simply need your user name and password to access it, and you will benefit from all these advantages that Iberdrola makes available to you.

If you have any questions, you can contact us through the free phone 900 10 00 19 or write to us at the email address: [accionistas@iberdrola.com](mailto:accionistas@iberdrola.com).



# Key Upcoming Dates

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Iberdrola seeks to develop a constructive and effective dialogue with all of its shareholders, not only on occasion of the General Meeting, but throughout the year.

**21 February 2018**

Investor's Day: Presentation of results for financial year 2017.

**13 April 2018**

Shareholder Day: 2018 General Shareholders' Meeting.

**24 April 2018**

Presentation of first quarter 2018 results.

**25 July 2018**

Presentation of first half 2018 results.

**24 October 2018**

Presentation of third quarter 2018 results.

Exterior view of Palacio Euskalduna  
/ Bilbao

© Fernando Nieto







