

GENERAL SHAREHOLDERS' MEETING

17 June 2022



Report of the Board of Directors

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

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

1. Object of the report

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

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

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

2. Purpose of and rationale for the proposals

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

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

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

Specifically, the proposed amendments seek:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"ITEM 6 ON THE AGENDA

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

RESOLUTION

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

"PREAMBLE

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

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

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

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

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

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

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

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

“Article 7. Social Dividend

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

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

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

“Article 16. Shareholder Participation

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

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

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

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

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

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

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

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

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

In Bilbao, on 10 May 2022

ANNEX

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

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

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

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

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

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