



# GENERAL SHAREHOLDERS' MEETING 18 June 2021

## **Report of the Board of Directors**

Proposed amendments of  
the *By-Laws* included in  
items number five and  
seven to twelve on the  
agenda



## REPORT OF THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED AMENDMENTS OF THE *BY-LAWS* INCLUDED IN ITEMS NUMBER FIVE, SEVEN, EIGHT, NINE, TEN, ELEVEN AND TWELVE ON THE AGENDA FOR THE 2021 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* included in items number five, seven, eight, nine, ten, eleven and twelve on the agenda.

Based on the distinct nature of the amendment of Article 10 of the *By-Laws* proposed under item six on the agenda for the 2021 General Shareholders' Meeting, which is intended to reflect the amount of share capital resulting from the reduction thereof by means of the retirement of own shares, said proposed amendment is the subject of a separate report of the Board of Directors.

Pursuant to the provisions of Section 286 of the *Companies Act (Ley de Sociedades de Capital)*, the Board of Directors has prepared this report setting out the purpose of and rationale for the proposed amendments of the *By-Laws* included in items number five, seven, eight, nine, ten, eleven and twelve on the agenda, attaching said proposed amendments below.

In addition, to help the shareholders compare the new text of the articles of the *By-Laws* 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 text currently in force, which is contained in the left-hand column.

### 2. Purpose of and rationale for the proposals

The amendment of the *By-Laws* submitted to the shareholders for approval at the General Shareholders' Meeting is primarily intended to:

- a) update the text of the Preamble to *the By-Laws* in accordance with the content of Book Two on the Purpose of the Governance and Sustainability System and amend said Preamble together with certain articles to adjust the name of that System and include other technical improvements;
- b) conform the text of the *By-Laws* to the amendments made to the *Companies Act* by *Law 5/2021, of 12 April amending the restated text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement at listed companies (“Law 5/2021”)*, particularly in connection with the encouragement of long-term shareholder engagement;
- c) regulate remote attendance at the General Shareholders' Meeting, including the possibility of holding the meeting exclusively by remote means when the circumstances make it advisable;



- d) include among the powers of the Board of Directors that of approving and updating a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050;
- e) update the rules applicable to the methods of holding meetings of the Board of Directors, expressly providing for the ability to hold such meetings at several connected places and the remote attendance of the directors, as well as expressly establish that the Board of Directors and the committees thereof may adopt resolutions in writing and without a meeting;
- f) further develop the rules concerning the preparation, verification and approval of the annual financial and non-financial information; and
- g) include technical improvements in the articles relating to the dissolution and liquidation of the Company and group such provisions within a new Title VI.

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

### **2.1 Updating the Preamble to the *By-Laws* and the name of the Governance and Sustainability System and inclusion of other technical improvements**

At the forefront of international best practices and in light of environmental, social and corporate governance (ESG) standards, the Company has further developed its former Corporate Governance System, reorganising and expanding its content, in order to give prominence to environmental and climate change action performance, social commitment and best corporate governance practices. All this is reflected, in particular, in the new name thereof: Governance and Sustainability System.

Said Governance and Sustainability System constitutes the internal organisation of Iberdrola and its group and is established, in exercise of the corporate autonomy that the law supports, to ensure through its rules the realisation of its purpose and values and the achievement of its business ends and goals. It is made up of Book One (*By-Laws*), Book Two (Purpose), Book Three (Environment and Climate Change), Book Four (Social Commitment) and Book Five (Corporate Governance).

The Governance and Sustainability System as a whole and, in particular, the *By-Laws*, approved by the shareholders at the General Shareholders' Meeting and the primary source of the internal system of rules, are inspired by, based on and should be interpreted in accordance with the *Purpose and Values of the Iberdrola group*, the corporate philosophy that guides its sustainable development strategy, the general principles and foundations of which are set forth in the *General Sustainable Development Policy*.

The *Purpose and Values of the Iberdrola group*, together with the *Code of Ethics*, the *General Sustainable Development Policy* and the *Stakeholder Engagement Policy* (applicable to the directors, professionals and suppliers of the companies making up the Iberdrola group), thus seek to foster a culture based on ethics and a commitment to sustainable development, shared by all those participating in the value creation chain of the Iberdrola group.

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* in order to fully align it with



Book Two on the Purpose of the Governance and Sustainability System, reflecting the essence of 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, and thus portrayed as 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 and good governance (ESG) requirements, and is ultimately defined as a company and institutional reality, a player in the economic and social environment in which it does business.

It is also proposed to amend the *By-Laws* (and, specifically, in addition to the Preamble, Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and 49) in order to replace the references to the “Corporate Governance System” with the new name “Governance and Sustainability System”.

Finally, within this block, as regards technical improvements, it is also proposed to amend: (i) Article 1 (*Company Name*), simply to remove the reference to the definition of the term “Company”, since it is now included in the Preamble; (ii) section 2.c) of Article 4 (*The Iberdrola group*), to clarify that the role of the head of business companies of the Iberdrola group in terms of day-to-day administration and effective management of each of the businesses, as well as of day-to-day control, is naturally without prejudice to observing the corporate autonomy of the subsidiaries in accordance with law; (iii) section 1 of Article 9 (*Stakeholder Engagement, Corporate Websites and Presence on Social Media*), to update the text of the *Stakeholder Engagement Policy*; and (iv) section 3 of Article 33 (*Composition of the Board of Directors and Appointment of Directors*) to adjust the text regarding the number of positions that a director can hold in other companies pursuant to the provisions of the *Regulations of the Board of Directors*.

## 2.2 Conformance to the amendments to the *Companies Act* by Law 5/2021

*Law 5/2021* was published in the Spanish Official Government Bulletin (*Boletín Oficial del Estado*) on 13 April 2021.

The amendments made to the *Companies Act* by such law became generally effective on 3 May 2021, for which reason it is necessary to propose the conformance of the *By-Laws* to the new legal provisions requiring such conformance, within the framework of the encouragement of long-term shareholder engagement.

Based on the foregoing, the following specific amendments are proposed:

- a) Amendment of section 3 of Article 12 (*Shareholder Status*) of the *By-Laws* to include a reference to the identification of both the shareholders and the ultimate beneficial owners (within the meaning provided by law) pursuant to the new Section 497 *bis* of the *Companies Act*. Said section provides for the right of listed companies (and other persons entitled thereto) to know the identity not only of their shareholders but also of the ultimate beneficial owners, in the event that the entity or person having shareholder status pursuant to the book-entry register is an intermediary institution that keeps custody of such shares for the account of ultimate beneficial owners or another intermediary institution.



For purposes of that legal provision, an ultimate beneficial owner is deemed to be the person for whose account the intermediary institution with shareholder status pursuant to the book-entry register is acting, whether directly or through a chain of intermediaries.

- b) Amendment of section 1 of Article 17 (*Powers of the Shareholders Acting at a General Shareholders' Meeting*) of the *By-Laws*, in order to include among the powers of the shareholders at a General Shareholders' Meeting (in addition to the merely technical specification that they have the power to approve the directors' report together with the annual financial statements) the authorisation of related-party transactions in an amount or with a value equal to or greater than that determined by law, thus reflecting in the text of the *By-Laws* the rules applicable to related-party transactions at listed companies introduced by the new Sections 529 *vicies* to 529 *tervicies* of the *Companies Act*.

For the same reason, it is also proposed to amend section 1.d) of Article 28 (*Conflicts of Interest*) of the *By-Laws* to include the provision that a shareholder may also not exercise the shareholder's right to vote in connection with the approval of a related-party transaction that affects the shareholder, unless the corresponding proposed resolution has been approved in accordance with the provisions of law, thus incorporating the provisions of the new Section 529 *duovicies.1* of the *Companies Act*.

- c) Amendment of section 3 of Article 33 (*Composition of the Board of Directors and Appointment of Directors*) of the *By-Laws* in order to provide that legal entities may not be appointed as directors. The new text of subsection 1 of Section 529 *bis* of the *Companies Act* provides that listed companies must be managed by a board of directors that shall be composed exclusively of natural persons.
- d) Amendment of section 4 of Article 39 (*Audit and Risk Supervision Committee*), of section 4 of Article 40 (*Appointments Committee and Remuneration Committee*) and of section 4 of Article 41 (*Sustainable Development Committee*) in order to specify certain powers of these committees, after the changes made to the *Companies Act* on the legal rules regarding related-party transactions and in relation to the power to report to the Board of Directors regarding the content of the statement of non-financial information. Specifically, it is proposed as follows:
- The Audit and Risk Supervision Committee shall have the power to report on related-party transactions and to oversee the internal procedure established by the Company for those related-party transactions for which approval has been delegated and shall not have the power to report to the Board of Directors regarding the content of the statement of non-financial information, which is assigned to the Sustainable Development Committee, without prejudice to any powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof.
  - The Appointments Committee ceases to have the power to report on transactions with related parties.



- The Sustainable Development Committee shall have the power to report on the content of the statement of non-financial information, without prejudice to any powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof.

### 2.3 Remote attendance at the General Shareholders' Meeting, including the possibility of holding the meeting exclusively by remote means

The new Section 182 *bis* of the *Companies Act* allows companies (*sociedades de capital*) (including listed companies) to hold general shareholders' meetings exclusively by remote means, without the physical attendance of shareholders or representatives, if so provided for in their by-laws and if so decided by the management decision-making body in the call to meeting. The amendment to the By-Laws that includes this possibility requires the approval of a majority of at least two-thirds of the capital present in person and by proxy at the meeting.

The Company held its prior General Shareholders' Meeting on 2 April 2020 exclusively by remote means as permitted by the extraordinary legal provisions issued to address the consequences of the COVID-19 pandemic (specifically, under the provisions of Section 41 of *Royal Decree-Law 8/2020 of 17 March on extraordinary urgent measures to combat the economic and social impact of COVID-19*). It could then be verified that the technical means available make it possible to hold General Shareholders' Meetings in this way without impairing shareholder rights or impeding the participation of the shareholders, and quite similarly to a General Shareholders' Meeting held in person.

In view of the fact that the health situation continues unchanged, and under the new extraordinary legal provisions in force during financial year 2021 (specifically, Section 3.1.a) of *Royal Decree-Law 34/2020 of 17 November on urgent measures to support business solvency and the energy sector, as well as on taxation*, according to the text set forth in *Royal Decree-Law 5/2021 of 12 March on extraordinary measures to support business solvency in response to the COVID-19 pandemic*), the Board of Directors has decided to call the 2021 General Shareholders' Meeting also to be held exclusively by remote means.

The foregoing shows that it is desirable to have sufficient flexibility to provide for the remote attendance of the shareholders and their representatives and to be able to hold the General Shareholders' Meeting in the most appropriate manner at a particular time and in any context, taking into account the development of remote attendance and remote communication means, without prejudice to respecting, naturally enough, the rights of the shareholders.

Based on the provisions of Section 182 of the *Companies Act* and the new legal provisions established on a permanent basis by Section 182 *bis* thereof (as supplemented, in the case of listed companies, by the provisions of the new subsection 3 of Section 521 of such law), it is proposed, first, to amend section 1 of Article 18 (the heading for which would now be *Call to and Methods of Holding a General Shareholders' Meeting*) of the *By-Laws* in order to expressly provide for the ability to attend the General Shareholders' Meeting remotely and even to hold General Shareholders' Meetings exclusively by remote means.



Therefore, in accordance with the proposed amendment, a General Shareholders' Meeting of Iberdrola could hereafter be held in any of the following ways:

- a) in person only;
- b) in person, with the ability to attend remotely (which is customarily referred to as a "hybrid meeting"); or
- c) exclusively by remote means.

In any event, the holding of General Shareholders' Meetings exclusively by remote means is subject to the existence of reasons that make it advisable to choose this method, which must be assessed by the Board of Directors in light of the circumstances at a particular time.

This rule is accompanied by an express provision to the effect that in all cases (and not only if a meeting is held exclusively by remote means, as mandated by the new subsection 3 of Section 521 of the *Companies Act*) shareholders may grant a proxy and cast an absentee vote, pursuant to the provisions of the *By-Laws*, the *Regulations for the General Shareholders' Meeting* and the implementing rules approved by the Board of Directors within the scope of its powers.

It is also proposed to amend section 1 of Article 18 of the *By-Laws* in order to expressly provide, in furtherance of the utmost transparency, that the announcement of the call to meeting must state the manner in which the General Shareholders' Meeting will be held so that the shareholders are duly informed thereof.

As a result of the foregoing, it is also proposed to amend the following articles of the *By-Laws* to regulate certain aspects of the remote attendance of the shareholders and their representatives at the General Shareholders' Meeting when it is called to be held in person with the ability to attend remotely or exclusively by remote means:

- a) Article 19 (*Shareholders' Right to Receive Information*), to provide that the Board of Directors shall determine the period and the terms upon which shareholders attending the Governance and Sustainability System may participate or request information or clarifications regarding the matters included in section one of the article.

In addition, as a technical improvement, references are included in this article to the implementing rules approved by the Board of Directors within the scope of its powers to regulate the form and periods within which a validly exercised right to receive information must be addressed and to make available to the shareholders such information and documentation as may be required.

- b) Article 20 (*Place of the Meeting*), in order to specify that if the General Shareholders' Meeting is held exclusively by remote means, the place of the meeting shall be deemed to be the registered office, pursuant to the provisions of the new Section 182 *bis.6* of the *Companies Act*.
- c) Article 22 (*Right to Attend*), in order to include technical improvements by making a distinction between in-person and remote attendance, to specify that a meeting may



be attended remotely using the systems determined by the Board of Directors (which must allow for the identification of attendees, the exercise of their rights and the proper conduct of the meeting) and also to specify that other persons authorised to attend by the chair of the General Shareholders' Meeting (management personnel, professionals of the Group companies and other persons related to the Company) or those to whom the chair gives access to the meeting (media, financial analysts and any other person the chair deems appropriate) may attend the meeting in person or remotely.

- d) Article 23 (*Right to Proxy Representation*), in order to expressly establish that if the call to meeting provides for the ability to attend remotely or the General Shareholders' Meeting has been called to be held exclusively by remote means, the proxy representatives of the shareholders may also attend remotely.

Furthermore, in order to continue facilitating and encouraging the participation of the shareholders in the General Shareholders' Meeting, a generic reference to remote means of communication is included for purposes of the grant of a proxy, with particular mention of the telephone.

Finally, several references are included in this article to the implementing rules approved by the Board of Directors within the scope of its powers to regulate the grant of a proxy, the proxy and voting instructions of shareholders acting through intermediary and management institutions or depositaries, and the rules applicable in cases of absence of identification of the proxy representative, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders' Meeting or a conflict of interest affecting the proxy representative.

- e) Article 24 (*Presiding Committee, Chair of and Secretary for the General Shareholders' Meeting*), in order to specify that the members of the Presiding Committee of the General Shareholders' Meeting (the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting) may attend in person or remotely.
- f) Article 26 (*Deliberations and Voting*), in order to specify that the granting of the floor by the chair of the General Shareholders' Meeting to the shareholders who request the floor is limited, naturally, to those attending in person.
- g) Article 27 (*Absentee Voting*) in order, first, to make clear that the rules applicable to the casting of absentee votes prior to the holding of the General Shareholders' Meeting do not apply to the shareholders or their proxy representatives if they attend remotely, and that the casting of votes by those attending remotely during the General Shareholders' Meeting shall be governed by the provisions of the *By-Laws*, the *Regulations for the General Shareholders' Meeting* and the implementing rules approved by the Board of Directors within the scope of its powers.

Second, and for the aforementioned purpose of continuing to facilitate and encourage the participation of the shareholders in the General Shareholders' Meeting, a generic reference to remote means of communication is also included for purposes of the casting of absentee votes prior to the meeting, with particular mention of the telephone.





Moreover, references are included in this article to the implementing rules approved by the Board of Directors within the scope of its powers to establish the requirements that must be complied with to cast an absentee vote and to verify and recognise the validity of absentee votes.

#### 2.4 Approval and update of a climate action plan by the Board of Directors

Climate change is one of the biggest challenges facing humanity and its governments today. Its impacts are becoming increasingly clear and society is increasingly aware that urgent action must be taken to avoid the worst-case scenarios.

Globally, efforts are aimed at keeping the planet's global temperature rise for the rest of the century as close as possible to 1.5°C, which will require global net emissions of anthropogenic carbon dioxide (CO<sub>2</sub>) to decline approximately 45% from 2010 levels by 2030, and continue to decline to approximately "net zero" by 2050. There is thus increasing urgency to make this transition and the actions taken during this decade will be key.

The energy sector, which is responsible for three-quarters of emissions, is going to be the most affected as it must substantially transform itself in the coming years. The main path towards decarbonisation in this sector is the electrification of the economy as a whole with a component based on renewable energy.

On the other hand, climate change also brings physical impacts, both extreme and chronic, that are a source of risk and for which all sectors, not just energy, must be prepared.

This is why the Iberdrola group, as an electricity company and aware of the contribution of its activities to climate goals, has for the past twenty years included environmental performance, the fight against climate change and the decarbonisation of the energy model as one of the foundations of its internal system, which is inspired by the highest standards in climate governance. During this time, it has maintained a position of global leadership in renewable energy and in the investment and operation of smart grids as key elements of decarbonisation and the associated process of electrification. So much so that it had already defined its climate change policy in 2009 and has since strengthened its climate governance framework by giving it the elements and mechanisms to make up a robust architecture in this area.

Along these lines, the fight against climate change has been the main driver of a strategy of profitable growth, which has led the Iberdrola group to invest 120,000 million euros in the last two decades with the aim of achieving a decarbonised energy model.

With 79% emissions-free production at the end of financial year 2020, the Iberdrola group has committed itself to being carbon neutral in Europe by 2030 and to reducing the intensity of its CO<sub>2</sub> emissions globally to 70g/kWh by the end of 2025, 50g/kWh by 2030, and to reach carbon neutrality at the global level by 2050.

The Company has also set for itself the goal of reducing absolute greenhouse gas (GHG) emissions in Scopes 1, 2 and 3, which goal has been approved by the *Science Based Target* initiative.



To achieve this, the Company relies on a strategic pillar, the Iberdrola group's investment plan, which is based on innovation initiatives focused on the decarbonisation of the energy mix and on increasing resilience and cementing its leadership in renewable energies, smart grids, efficient storage and clean technologies.

As an additional expression of its firm and unwavering commitment in this field, it proposes to expressly provide in Article 32 (*Powers of the Board of Directors*) of the *By-Laws* that the Board of Directors is granted the power to approve and regularly update a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050, specifying that this plan shall set out the intermediate objectives, the strategy and the investment plan designed to meet these objectives and shall define the methodologies used to assess the implementation thereof.

Furthermore, climate change is a source of risk but also of opportunity. In this context, it is key for shareholders to have all relevant information as well as the mechanisms required to ensure informed decision-making, as well as to understand the definition of the Iberdrola group's strategy to integrate climate change, requiring the ability to exploit the significant opportunities it entails for an electricity company like Iberdrola and to properly manage the potential impacts of climate change on its activities.

To this end, the statement of non-financial information will report on the level of achievement of and any updates to the climate action plan approved by the Board of Directors, as stated in the new Article 58 of the *By-Laws* proposed to be included and referred to below in this report.

The proposed amendment of Articles 32 and 58 of the *Bylaws* strengthens the governance architecture in this area by including within the *By-Laws* the preparation and update of a climate action plan. Iberdrola's strategy in the fight against climate change is also strengthened and contributes to an effective response to this challenge faced by humanity while at the same time allowing for the detection and exploitation of the opportunities it entails and from which a decarbonised and more electrified economy can derive.

## **2.5 Update of the rules applicable to the methods of holding the meetings of the Board of Directors and of the committees thereof**

In order to facilitate the performance of their work by the Board of Directors and its committees, it is proposed to include amendments in Article 35 (*Meetings of the Board of Directors*) and 36 (*Quorum for the Meeting and Majorities Required to Adopt Resolutions*) of the *By-Laws* in order to authorise remote attendance, the holding of a meeting at several connected places and the adoption of resolutions by vote in writing without a meeting.

It is thus proposed that the aforementioned Article 35 of the *By-Laws* also provide that, although meetings of the Board of Directors shall generally be held in person, if so decided by the chairman thereof, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The directors in attendance at any of



such interconnected places shall be deemed for all purposes to have attended the same individual meeting of the Board of Directors.

It is also proposed to amend Article 36 of the *By-Laws* by adding a new section 6 in order to expressly provide that the Board of Directors and the committees thereof may adopt resolutions by vote in writing without a meeting, which is a possibility acknowledged by Section 248.2 of the *Companies Act*, and which also requires that no director opposes this procedure.

## 2.6 Further development of the rules concerning the preparation, verification and approval of the annual financial and non-financial information

The current Title V of the *By-Laws* jointly regulates the annual financial statements (Chapter I) and the dissolution and liquidation of the Company (Chapter II).

Aware of the increasing significance of the non-financial information, the Company proposes devoting Title V of the *By-Laws* exclusively to the regulations applicable to the financial year (which continues to coincide with the calendar year, without any change in this regard) and to the preparation, verification and approval of the annual financial and non-financial information.

For these purposes, it is proposed to amend the current Articles 53 and 54 of the *By-Laws* and to include six new articles, numbered from 55 to 60, reorganising said Title V, the heading for which would now be *Financial Year and Annual Financial and Non-Financial Information*, into three chapters:

- a) Chapter I. Financial Year. Consisting of only one article (53), precisely concerning the financial year, with the text of section 1 of the former Article 53 of the *By-Laws*.
- b) Chapter II. Annual Financial Information. Consisting of four articles:
  - Article 54 (*Preparation*): it has the text of section 2 of the former Article 53 of the *By-Laws*, regarding the preparation by the Board of Directors, within the first three months of the year, of the annual financial statements, the directors' report and the proposed allocation of profits or losses, and the consolidated annual financial statements and directors' report for the previous financial year.
  - Article 55 (*Verification*): it regulates the review of the annual financial statements and the individual and consolidated directors' reports by an external auditor, the appointment or re-election of which shall be submitted by the Board of Directors, upon a proposal of the Audit and Risk Supervision Committee, for the approval of the shareholders at the General Shareholders' Meeting.

It is also expressly provided that the auditor must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System.

- Article 56 (*Approval*): it provides that the separate and consolidated annual financial statements and directors' reports shall be submitted for the approval of the shareholders at the General Shareholders' Meeting by a simple majority of votes.



- Article 57 (*Allocation of Profits/Losses*): it has the text of sections 2, 3, 4 and 5 of the former Article 54 of the *By-Laws*.
- c) Chapter III. Annual Non-Financial Information. Following the same structure as in Chapter II, this chapter consists of three articles:
- Article 58 (*Preparation*): it regulates preparation by the Board of Directors of the statement of non-financial information for the preceding financial year, within the period and in accordance with the provisions of applicable law and the Governance and Sustainability System. The statement of non-financial information shall present a clear and accurate statement of the Company's social, environmental and sustainability performance, as well as of the social dividend generated and shared with its Stakeholders, and shall also report on the level of achievement of the climate action plan and any updates thereto approved by the Board of Directors.
  - Article 59 (*Verification*): it regulates the review of the statement of non-financial information by an external provider of assurance services appointed by the Board of Directors upon a proposal of the Audit and Risk Supervision Committee.
  - Article 60 (*Approval*): it provides that the statement of non-financial information shall be submitted for the approval of the shareholders at the General Shareholders' Meeting by a simple majority of votes.

## 2.7 Inclusion of technical improvements in the provisions regulating the dissolution and liquidation of the Company.

Finally, it is proposed to group Articles 55 (*Grounds for Dissolution*) and 56 (*Liquidation of the Company*) of the *By-Laws*, which become the new Articles 61 (*Dissolution*) and 62 (*Liquidation*), into a new Title VI exclusively devoted to the dissolution and liquidation of the Company, making technical improvements in said articles.

Especially noteworthy is the express provision that the corporate decision-making bodies, within the scope of their respective powers, shall adopt such resolutions and make such decisions as are appropriate to finalise the liquidation, seeking the common interest of the shareholders, observing and complying with the *Purpose and Values of the Iberdrola group* and its *Code of Ethics*, as well as the legitimate rights of all of its Stakeholders, as an additional expression of the fact that the said *Purpose and Values of the Iberdrola group* constitutes the corporate philosophy guiding all of the group's actions, including at the time of liquidation thereof.

## 3. Layout of Proposed Amendments

To facilitate the proper exercise of voting rights by the shareholders, pursuant to the provisions of Section 197 *bis* of the *Companies Act* and Article 40.1 of the *Regulations for the General Shareholders' Meeting*, the proposed by-law amendments are submitted for the approval of the shareholders at the General Shareholders' Meeting grouped into seven separate blocks that will be voted on separately:

- **Item number five on the agenda:** amendment of the Preamble and of Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and



49 of the *By-Laws* to update the name of the Governance and Sustainability System and to make other technical improvements.

- **Item number seven on the agenda:** amendment of Articles 12, 17, 28, 33, 39, 40 and 41 of the *By-Laws* to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement.
- **Item number eight on the agenda:** amendment of Articles 18, 19, 20, 22, 23, 24, 26 and 27 of the *By-Laws* to regulate remote attendance at the General Shareholders' Meeting.
- **Item number nine on the agenda:** amendment of Article 32 of the *By-Laws* to include the approval of a climate action plan.
- **Item number ten on the agenda:** amendment of Articles 35 and 36 of the *By-Laws* to update the rules on the ways of holding meetings of the Board of Directors and of its committees.
- **Item number eleven on the agenda:** amendment of Articles 53 and 54 of the *By-Laws* and addition of six new articles numbered from 55 to 60, reorganising the chapters of Title V, to establish the regulations for the preparation, verification and approval of the annual financial and non-financial information.
- **Item number twelve on the agenda:** Amendment of Articles 55 and 56 of the *By-Laws*, which will become Articles 61 and 62, to make technical improvements and group them within a new Title VI.

#### 4. Proposed Resolutions Submitted to the Shareholders at the General Shareholders' Meeting

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

### ***“ITEM NUMBER FIVE ON THE AGENDA***

***Amendment of the Preamble and of Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and 49 of the By-Laws to update the name of the Governance and Sustainability System and make other technical improvements.***

#### **RESOLUTION**

*Amendment of the Preamble and of Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and 49 of the By-Laws to update the name of the Governance and Sustainability System and make other technical improvements. The Preamble and Articles 1, 4, 8, 9, 14, 15, 21, 30, 31, 37, 38, 42, 43, 44, 45, 46, 47 and 49 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.*

*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 1. Company Name**

*The name of the Company is IBERDROLA, S.A.”*

**“Article 4. The Iberdrola group**

1. *The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the “Group”).*
2. *The corporate and governance structure of the Group is defined based on the following:*
  - a) *The Company has duties relating to the establishment, supervision and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level, as well as the design of the Governance and Sustainability System.*
  - b) *Country subholding companies group together the equity stakes in the Group’s head of business companies and carry out the function of organisation and coordination in relation to such countries and/or businesses as are decided by the Company’s Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.*

*The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.*
  - c) *Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of each of the Group’s businesses within one or more countries, and of the day-to-day control thereof, without prejudice to observing the corporate autonomy of the subsidiaries of the head of business companies in accordance with law.*
3. *All companies of the Group share the same corporate interest as well as the same purpose, corporate values and ethical principles.”*

**“Article 8. Applicable Legal Provisions, Governance and Sustainability System and Compliance System**

1. *The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Governance and Sustainability System.*
2. *The Governance and Sustainability System is the Company’s internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best implementation of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.*



3. *The Company's Governance and Sustainability System is made up of these By-Laws, the Purpose and Values of the Iberdrola group, the Code of Ethics, the corporate policies and other governance and compliance rules.*
4. *The Purpose and Values of the Iberdrola group sets out its raison d'être, the ideological and axiological foundation of its corporate enterprise, which, due to its size and importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.*
5. *The Purpose and Values of the Iberdrola group also inspires and takes form in the corporate policies and in the other rules of the Governance and Sustainability System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.*
6. *The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Governance and Sustainability System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.*
7. *Full or summarised versions of the rules making up the Governance and Sustainability System can be viewed on the Company's corporate website.*
8. *The Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Governance and Sustainability System itself, as well as to contribute to the full realisation of the Purpose and Values of the Iberdrola group and the corporate interest.*
9. *The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors."*

**"Article 9. Stakeholder Engagement, Corporate Websites and Presence on Social Media**

1. *The Company and the other entities belonging to the Group seek to engage all Stakeholders in its corporate enterprise in accordance with a policy on relations based on the principles of transparency and active listening, which allows for continuing to respond to their legitimate interests and to effectively disclose information regarding the activities and businesses of the Group. The Company's Board of Directors is responsible for approving this policy and coordinating and supervising the application thereof.*
2. *The Company's corporate website, its presence on social media and its digital communication strategy generally are channels of communication serving the Stakeholder engagement policy. The ultimate goal thereof is to encourage the stakeholders' engagement, reinforce their sense of belonging, strengthen the Iberdrola brand and favour the development of the businesses of the Group and the digital transformation thereof.*
3. *The Board of Directors shall promote the use of the corporate website to facilitate the exercise of the shareholders' rights to receive information and to participate in connection*





*with the General Shareholders' Meeting and the corporate governance of the Company, upon the terms provided by law and the Governance and Sustainability System.*

4. *The corporate websites and the presence on social media of the country subholding companies and of the head of business companies contribute to the Company's digital communication strategy and are one of the principal means for engaging their respective Stakeholders. The structure and content thereof shall conform to the Company's Stakeholder engagement policy and to the general guidelines approved by its Board of Directors.*
5. *All companies of the Group shall promote the accessibility of their respective corporate websites."*

#### **"Article 14. Shareholders and the Governance and Sustainability System**

1. *The ownership of shares entails consent to the Governance and Sustainability System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.*
2. *Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty, in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Governance and Sustainability System."*

#### **"Article 15. General Shareholders' Meeting**

1. *The shareholders, meeting at a General Shareholders' Meeting, shall decide, by the majorities required in each case and in accordance with law and the Governance and Sustainability System, on the matters within their purview.*
2. *Resolutions that are duly adopted at a General Shareholders' Meeting shall bind all shareholders, including shareholders who are absent, dissent, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.*
3. *The General Shareholders' Meeting is governed by the provisions of law, these By-Laws, the Regulations for the General Shareholders' Meeting, other applicable provisions of the Governance and Sustainability System and other implementing rules approved by the Board of Directors within the scope of its powers."*

#### **"Article 21. Establishment of a Quorum for the General Shareholders' Meeting**

1. *The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda.*
2. *Notwithstanding the provisions of the preceding section, shareholders representing two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company and the amendment of this section 2.*



3. *The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.*
4. *If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Governance and Sustainability System, in order to adopt a resolution regarding one or more items on the agenda, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders at the General Shareholders' Meeting shall limit themselves to deliberating and deciding on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders."*

**"Article 30. Management and Representation of the Company**

1. *The Company is managed and represented by the Board of Directors, its chairman and, if applicable and if so approved by the Board of Directors, by an executive committee called the Executive Committee (Comisión Ejecutiva Delegada) and, also if so decided by the Board of Directors, by one or more chief executive officers (consejeros delegados).*
2. *Each of these bodies shall have the powers set forth in these By-Laws, the Regulations of the Board of Directors and other applicable provisions of the Governance and Sustainability System, without prejudice to the provisions of law."*

**"Article 31. Regulation of the Board of Directors**

*The Board of Directors shall be governed by the provisions set forth in the law, these By-Laws, the Regulations of the Board of Directors and other applicable provisions of the Governance and Sustainability System."*

**"Article 37. Committees of the Board of Directors**

1. *The Board of Directors must have an Audit and Risk Supervision Committee, an Appointments Committee and a Remuneration Committee (or a single Appointments and Remuneration Committee), on a permanent basis.*
2. *The Board of Directors may also have an executive committee, called the Executive Committee (Comisión Ejecutiva Delegada), a consultative committee called the Sustainable Development Committee, and may create any other consultative committees with the powers that the Board of Directors determines, all of a voluntary nature.*
3. *The committees shall be governed by the provisions of the Governance and Sustainability System, including the specific regulations thereof, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors."*

**"Article 38. Executive Committee**

1. *If created, the Executive Committee shall have all the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to law or the Governance and Sustainability System.*



2. *The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments Committee, with a minimum of four and a maximum of eight.*
3. *The appointment of the members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors with such majority.*
4. *The chairman of the Board of Directors and the chief executive officers shall in all cases form part of the Executive Committee.*
5. *Meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, if any, or by the lead independent director (consejero coordinador), if a member of the Executive Committee. In the absence of all of the foregoing, they shall be chaired by the director member of the Executive Committee having the longest length of service in office, and in the case of equal length of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, any of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance shall serve as secretary.*
6. *Resolutions of the Executive Committee shall be adopted by an absolute majority of votes cast in person or by proxy. In the event of a tie, the chair of the Executive Committee shall have the tie-breaking vote.*

**“Article 42. Chairman and Vice-Chair or Vice-Chairs**

1. *The Board of Directors, after a report from the Appointments Committee, shall appoint a chairman from among its members. The Board of Directors may also appoint one or more honorary chairs of the Company.*
2. *The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having the duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.*
3. *The chairman of the Board of Directors undertakes the senior management and representation of the Company, as well as leadership of the Board of Directors.*
4. *The chairman of the Board of Directors may exercise the powers conferred upon him by law and the Governance and Sustainability System, and particularly the following:*
  - a) *To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.*
  - b) *To chair the General Shareholders' Meeting and perform thereat the duties assigned thereto by the Governance and Sustainability System.*



- c) *To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those relating to the operation of the Board of Directors itself and other governance decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair, chief executive officer, secretary and deputy secretary of the Board of Directors and of the committees thereof, without prejudice to the reporting powers belonging to the Appointments Committee.*
  - d) *To ensure, with the collaboration of the secretary of the Board of Directors, that the directors receive in advance information sufficient to deliberate on the items on the agenda.*
  - e) *To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.*
5. *The Board of Directors, upon a proposal of its chairman and after a report from the Appointments Committee, may elect from among its members one or more vice-chairs, who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness or incapacity.*
  6. *If there is more than one vice-chair of the Board of Directors, the chairman of the Board of Directors shall be replaced by the vice-chair that is expressly appointed by the Board of Directors for such purpose; in default of the foregoing, by the vice-chair having the longest length of service in office; in case of equal length of service, by the oldest. If a vice-chair has not been appointed, the chairman shall be replaced by the lead independent director; in the absence thereof, by the director with the longest length of service in office, and in case of equal length, by the oldest.*
  7. *If the chairman must be replaced on a definitive basis due to removal, notice of resignation, disability or death, the preceding sections shall apply and the vice-chair or director appointed as a provisional replacement shall lead the process for electing a new chairman, in accordance with the succession plan approved by the Board of Directors.*
  8. *The same procedure shall be followed to decide the removal of a vice-chair.”*

**“Article 43. Chief Executive Officer**

1. *The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments Committee and with the favourable vote of at least two-thirds of the directors, may appoint one or more chief executive officers (consejeros delegados) with the powers it deems appropriate and which may be delegated pursuant to law and the Governance and Sustainability System.*
2. *In the event of vacancy, absence, illness or incapacity of all of the chief executive officers, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more new chief executive officers.”*



**“Article 44. Secretary and Deputy Secretary or Deputy Secretaries of the Board of Directors**

1. *The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments Committee, shall appoint a secretary, who need not be a director, and, if appropriate, one or more deputy secretaries, who also need not be directors, and who shall replace the secretary in the event of vacancy, absence, illness or incapacity. The same procedure shall be followed to decide the removal of the secretary and, if applicable, each deputy secretary.*
2. *If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.*
3. *The secretary of the Board of Directors shall perform the duties assigned thereto by law and the Governance and Sustainability System.*
4. *The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the Governance and Sustainability System.”*

**“Article 45. Checks and Balances System: Lead Independent Director**

1. *The Governance and Sustainability System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors nor the Executive Committee nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.*
2. *The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.*
3. *The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.*
4. *If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a lead independent director (consejero coordinador), who shall be specially empowered, when the lead independent director deems it appropriate, to:*
  - a) *Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.*
  - b) *Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.*
  - c) *Coordinate, gather and reflect the concerns of the non-executive directors.*



- d) *Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.*
5. *The lead independent director may also maintain contacts with shareholders when so decided by the Board of Directors.”*

**“Article 46. General Duties of Directors**

1. *The directors must carry out their office and comply with the duties imposed by law and the Governance and Sustainability System with the diligence of a prudent businessperson, taking into account the nature of the office and the duties assigned to each of them. The directors must also carry out their office with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company.*
2. *The Regulations of the Board of Directors shall elaborate upon the specific obligations of directors stemming from the duties established by law, and particularly those of confidentiality, non-competition and loyalty, with special focus on conflict of interest situations.*
3. *The Company may obtain an insurance policy that covers the civil liability of the directors in the performance of their duties.”*

**“Article 47. Term of Office**

1. *Directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders’ Meeting do not resolve to remove them and they do not resign from their position.*
2. *Directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of disqualification, lack of competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the Governance and Sustainability System.*
3. *Directors may be re-elected to one or more terms of four years.”*

**“Article 49. Powers of Information and Inspection**

1. *A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents and other background information on corporate transactions, to inspect all of its facilities and to communicate with the members of senior management of the Company.*
2. *The exercise of the aforementioned powers shall be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Governance and Sustainability System.”*

*Articles 12, 17 and 33 shall read as proposed under item number seven on the agenda, Article 19, 23, 24 and 27 as proposed under item number eight on the agenda, Article 32 as proposed item number nine on the agenda and Articles 35 and 36 as proposed under item ten on the agenda, which includes in all cases the update of the name of the Governance and Sustainability System.”*



## **“ITEM NUMBER SEVEN ON THE AGENDA**

***Amendment of Articles 12, 17, 28, 33, 39, 40 and 41 of the By-Laws to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement.***

### **RESOLUTION**

*Amendment of Articles 12, 17, 28, 33, 39, 40 and 41 of the By-Laws to conform the text thereof to the new legal provisions as regards the encouragement of long-term shareholder engagement. Said articles shall hereafter read as follows:*

#### **“Article 12. Shareholder Status**

1. *Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the Governance and Sustainability System. The shareholders also participate indirectly, through the Company, in the other companies of the Group.*
2. *The Company shall acknowledge as shareholders any parties that appear entitled to have shareholder status as owner in the entries of the corresponding book-entry register.*
3. *The Company may, as legally allowed, access the information needed to fully identify its shareholders and the ultimate beneficial owners, within the meaning provided by law, including addresses and means of contact for communication with them.”*

#### **“Article 17. Powers of the Shareholders Acting at a General Shareholders’ Meeting**

1. *The shareholders acting at a General Shareholders’ Meeting shall decide the matters assigned thereto by law, the Regulations for the General Shareholders’ Meeting or other rules of the Governance and Sustainability System, and particularly regarding the following:*
  - a) *The approval of the annual financial statements, the directors’ report, the allocation of profits or losses and corporate management.*
  - b) *The approval of the statement of non-financial information.*
  - c) *The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*
  - d) *The approval of the director remuneration policy.*
  - e) *The approval of the establishment of systems for remuneration of the directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
  - f) *Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders’ Meeting, as well as from the obligation not to compete with the Company.*



- g) *The appointment, re-election and removal of the statutory auditors.*
- h) *The amendment of these By-Laws.*
- i) *An increase or reduction in share capital.*
- j) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*
- k) *The delegation to the Board of Directors of the power to carry out an increase in share capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.*
- l) *The exclusion or limitation of pre-emptive rights.*
- m) *The authorisation for the derivative acquisition of the Company's own shares.*
- n) *The transformation, merger, split-off or overall assignment of assets and liabilities and the transfer of the registered office abroad.*
- o) *The dissolution of the Company and the appointment and removal of the liquidators.*
- p) *The approval of the final liquidation balance sheet.*
- q) *The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.*
- r) *The commencement of derivative liability actions against directors, statutory auditors and liquidators.*
- s) *The approval and amendment of the Regulations for the General Shareholders' Meeting.*
- t) *The authorisation of related-party transactions in an amount or with a value equal to or greater than that determined by law.*
- u) *The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if the Company maintains full control thereof.*
- v) *The acquisition, transfer or contribution of key assets from or to another company.*
- w) *The approval of transactions having an effect equivalent to liquidation of the Company.*





2. *The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the Governance and Sustainability System."*

**"Article 28. Conflicts of Interest**

1. *A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:
  - a) *Relieve the shareholder of an obligation or grant the shareholder a right.*
  - b) *Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.*
  - c) *Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.*
  - d) *Approve a related-party transaction that affects the shareholder, unless the corresponding proposed resolution has been approved in accordance with the provisions of law.**
2. *The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or companies belonging to their group (within the meaning indicated in Article 29.3 below), even if these latter companies or entities are not shareholders.*
3. *If the shareholder subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated."*

**"Article 33. Composition of the Board of Directors and Appointment of Directors**

1. *The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Governance and Sustainability System.*
2. *The determination of the number of directors shall be within the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly through the filling of vacancies or the appointment of new directors within the aforesaid minimum and maximum numbers.*
3. *The following may not be appointed as directors:
  - a) *Legal entities.**



- b) *Persons who hold the position of director or who are members of senior management of domestic or foreign companies competing with the Company in the energy industry or other industries, or such persons, if any, as are proposed by them in their capacity as shareholders.*
  - c) *Persons serving as directors in more than five companies, of which no more than three may have shares trading on domestic or foreign stock exchanges.*
  - d) *Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the Group operates.*
  - e) *Persons who are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those who have interests in any way opposed to those of the Company or the Group.*
4. *The appointment, ratification, re-election and removal of directors must comply with the provisions of law and the Governance and Sustainability System. Resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification and re-election of directors must be accompanied by a report providing the rationale for the proposal."*

#### **"Article 39. Audit and Risk Supervision Committee**

- 1. *The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.*
- 2. *The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent.*
- 3. *The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The chair of the Audit and Risk Supervision Committee shall hold office for a maximum period of four years, after which period the chair may not be re-elected until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.*
- 4. *The Audit and Risk Supervision Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations, and in any case those provided by law, except the power to report to the Board of Directors regarding the content of the statement of non-financial information, which is assigned to the Sustainable Development Committee, without prejudice to any powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof."*



**“Article 40. Appointments Committee and Remuneration Committee**

1. *The Board of Directors shall create a permanent Appointments Committee and a permanent Remuneration Committee (or a single Appointments and Remuneration Committee, in which case reference in these By-Laws to the Appointments Committee and the Remuneration Committee shall be deemed made to the same committee), which shall be internal informational and consultative bodies without executive duties, with information, advisory and proposal-making powers within their respective scopes of action.*
2. *The Appointments Committee and the Remuneration Committee shall each be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority of their respective members must be classified as independent*
3. *The Board of Directors shall appoint the chairs of both committees from among the independent directors forming part of each of them, as well as their secretaries, who need not be directors.*
4. *The Appointments Committee and the Remuneration Committee shall have the powers set forth in the Regulations of the Board of Directors and in their own regulations and in any event those established by law as well as those corresponding to each of them due to the nature thereof.”*

**“Article 41. Sustainable Development Committee**

1. *If created, the Sustainable Development Committee shall be deemed an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.*
2. *The Sustainable Development Committee shall be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority thereof must be classified as independent.*
3. *The Board of Directors shall appoint a chair of the Sustainable Development Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.*
4. *The Sustainable Development Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations.*

*In particular, the Sustainable Development Committee shall have the power to report on the content of the statement of non-financial information, without prejudice to the powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof.”*



## **“ITEM NUMBER EIGHT ON THE AGENDA**

**Amendment of Articles 18, 19, 20, 22, 23, 24, 26 and 27 of the By-Laws to regulate remote attendance at the General Shareholders' Meeting.**

### **RESOLUTION**

*Amendment of Articles 18, 19, 20, 22, 23, 24, 26 and 27 of the By-Laws to regulate remote attendance at the General Shareholders' Meeting. Said articles shall hereafter read as follows:*

#### **“Article 18. Call to and Methods of Holding a General Shareholders' Meeting**

1. *A General Shareholders' Meeting must be called by the Board of Directors through an announcement published as much in advance as required by law, and which shall state the manner in which it will be held.*
2. *A General Shareholders' Meeting may be held in the following ways: in person only, in person with the ability to attend remotely, or, if there are reasons that make it advisable, exclusively by remote means. In all cases, shareholders may grant a proxy and cast an absentee vote pursuant to the provisions of these By-Laws, the Regulations for the General Shareholders' Meeting and the implementing rules approved by the Board of Directors within the scope of its powers.*
3. *The announcement of the call to meeting shall be disseminated through the following media, at a minimum:*
  - 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.*
  - c) *The Company's corporate website.”*

#### **“Article 19. Shareholders' Right to Receive Information**

1. *From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date set for the meeting to be held on first call, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem relevant, regarding (i) the matters contained in the agenda of the call to meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) the audit report.*
2. *Shareholders attending the General Shareholders' Meeting may request such information or clarifications as they deem appropriate regarding the matters set forth in the preceding section within the period and on the terms determined by the Board of Directors in accordance with the provisions of law and the Governance and Sustainability System.*
3. *The Board of Directors shall be required to provide the information validly requested in the form and within the periods set forth in the law, in these By-Laws, in the Regulations*



*for the General Shareholders' Meeting and in the implementing rules approved by the Board of Directors within the scope of its powers, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes or that publication of the information might prejudice the Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least twenty-five per cent of the share capital.*

4. *The announcement of the call to the General Shareholders' Meeting shall state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the approval of the shareholders at such General Shareholders' Meeting, as well as, if applicable, the directors' report and the audit report.*
5. *The Company shall make available to its shareholders the information and documentation required in accordance with the provisions of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers."*

#### **"Article 20. Place of the Meeting**

1. *The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.*
2. *If the General Shareholders' Meeting is held exclusively by remote means, the place of the meeting shall be deemed to be the registered office."*

#### **"Article 22. Right to Attend**

1. *The holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereat, with the right to be heard and to vote.*
2. *The General Shareholders' Meeting may be attended in person by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow for recognition and identification of the attendees, permanent communication among them, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to be held at the principal location thereof.*
3. *The General Shareholders' Meeting may be attended remotely using the systems determined by the Board of Directors, which must allow for the identification of attendees, the exercise of their rights and the proper conduct of the meeting.*
4. *In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held.*
5. *The chair of the General Shareholders' Meeting may authorise the in-person or remote attendance of management personnel, professionals of the companies of the Group and other persons related to the Company. The chair may also grant in-person or remote*



*access to the media, to financial analysts and to any other person the chair deems appropriate, as well as authorise the simultaneous or delayed broadcast thereof, although the shareholders acting thereat may revoke such authorisation.”*

**“Article 23. Right to Proxy Representation**

- 1. All shareholders having the right to attend may be represented at the General Shareholders’ Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
- 2. Proxy representatives may participate in the General Shareholders’ Meeting in person or remotely, as provided in the call to meeting.*
- 3. Proxies must be given in writing or by remote means of communication (such as by telephone or by postal or electronic correspondence), in which case the provisions of Article 27 below for the casting of absentee votes shall apply to the extent applicable.*
- 4. Proxy and voting instructions of shareholders acting through intermediary and management institutions or depositaries shall be governed by the provisions of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
- 5. In cases of absence of identification of the proxy representative, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders’ Meeting or a conflict of interest affecting the proxy representative, the rules established in this regard in the Governance and Sustainability System and in the implementing rules approved by the Board of Directors within the scope of its powers shall apply to the proxy.*
- 6. The chair of and the secretary for the General Shareholders’ Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be responsible for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument or means evidencing attendance or representation by proxy, including any means provided for authentication and participation by remote means.”*

**“Article 24. Presiding Committee, Chair of and Secretary for the General Shareholders’ Meeting**

- 1. The Presiding Committee (Mesa) of the General Shareholders’ Meeting shall be made up of the chair of and the secretary for the General Shareholders’ Meeting and the other members of the Board of Directors present at the meeting, who may attend in person or remotely.*
- 2. Without prejudice to other powers that may be assigned thereto by these By-Laws or the Governance and Sustainability System, the Presiding Committee shall assist the chair of the General Shareholders’ Meeting in carrying out the duties thereof.*



3. *The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in Article 42.6 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as chair of the General Shareholders' Meeting.*
4. *The secretary of the Board of Directors or, in the absence thereof, the deputy secretary, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, they shall act in the order set forth in Article 44.2 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting."*

#### **"Article 26. Deliberations and Voting**

1. *The chair of the General Shareholders' Meeting shall: direct the meeting; accept new proposed resolutions relating to matters on the agenda; organise the deliberations and presentations, granting the floor to shareholders attending in person and who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting; indicate the time and establish, pursuant to the Regulations for the General Shareholders' Meeting, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares, pursuant to law and these By-Laws; approve the polling and vote counting system; announce the voting results; temporarily suspend or propose a continuation of the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required for the proper conduct of the proceedings.*
2. *The chair of the General Shareholders' Meeting may entrust the management of the meeting to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out this duty on behalf of the chair, with the chair having the right to retake it at any time. In the event of temporary absence or supervening incapacity of the chair or the secretary for the General Shareholders' Meeting, the appropriate persons under sections 3 and 4 of Article 24, respectively, shall assume the duties thereof.*
3. *Proposed resolutions shall be voted upon by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the Regulations for the General Shareholders' Meeting."*

#### **"Article 27. Absentee Voting**

1. *Shareholders may cast their absentee vote in writing or by remote means of communication (such as by telephone or by postal or electronic correspondence) on proposed resolutions relating to the items on the agenda of the call to meeting by complying with the requirements of law, the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
2. *Shareholders that have cast their absentee vote shall be deemed present for purposes of the establishment of a quorum for the General Shareholders' Meeting.*



3. *Absentee votes must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.*
4. *The Board of Directors is authorised to develop the rules, means and procedures for absentee voting, including applicable rules on priority and conflict.*

*Specifically, the Board of Directors may reduce the advance period set forth in section 3 above for receipt by the Company of absentee votes, and accept and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, any absentee votes received after such period, to the extent permitted by the means available.*

5. *The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be responsible for verifying and recognising the validity of the absentee votes cast in accordance with the provisions set forth in the Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.*
6. *The provisions of the preceding sections of this article shall not apply to shareholders or their proxy representatives if they attend the General Shareholders' Meeting remotely. The casting of votes by those attending remotely during the General Shareholders' Meeting shall be governed by the provisions of these By-Laws, the Regulations for the General Shareholders' Meeting and the implementing rules approved by the Board of Directors within the scope of its powers."*

## **"ITEM NUMBER NINE ON THE AGENDA**

**Amendment of Article 32 of the By-Laws to include the approval of a Climate Action plan.**

### **RESOLUTION**

Amendment of Article 32 of the By-Laws to include the approval of a Climate Action plan. Said article shall hereafter read as follows:

#### **"Article 32. Powers of the Board of Directors**

1. *The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Governance and Sustainability System to the shareholders acting at a General Shareholders' Meeting.*
2. *Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Governance and Sustainability System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:*
  - a) *Establish, within legal limits, the policies, strategies and guidelines of the Group, entrusting to the decision-making bodies and the management of the head of*





*business companies of the Group the duties of day-to-day administration and effective management of each of the businesses.*

- b) Supervise the general development of the aforementioned policies, strategies and guidelines by the country subholding companies and by the head of business companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging to the Group.*
  - c) Decide on matters of strategic importance at the Group level.*
- 3. The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.*
  - 4. The Board of Directors shall design, evaluate and continuously review the Governance and Sustainability System, shall approve the Purpose and Values of the Iberdrola group and shall pay special attention to the approval and updating of the corporate policies, which further develop the principles reflected in these By-Laws and in the other provisions of the Governance and Sustainability System and codify the guidelines that should govern the activities of the Company, its shareholders and the Group.*

*In particular, the Board of Directors shall approve and regularly update a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050. This plan shall set out the intermediate objectives, the strategy and the investment plan designed to meet these objectives and shall define the methodologies used to assess the implementation thereof.*

- 5. The Regulations of the Board of Directors shall specify the powers reserved to such body, which may not be entrusted to the representative decision-making bodies or to the senior management of the Company."*

## **"ITEM NUMBER TEN ON THE AGENDA**

***Amendment of Articles 35 and 36 of the By-Laws to update the rules on the ways of holding meetings of the Board of Directors and of its committees.***

### **RESOLUTION**

*Amendment of Articles 35 and 36 of the By-Laws to update the rules on the ways of holding meetings of the Board of Directors and of its committees. Said articles shall hereafter read as follows:*

#### **"Article 35. Meetings of the Board of Directors**

- 1. The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for by law and the Regulations of the Board of Directors. Meetings shall generally take place in person at the Company's registered office or at the place, in Spain or abroad,*



*indicated in the call to meeting, which shall be made in accordance with the provisions of law and the Governance and Sustainability System.*

2. *If so decided by the chairman of the Board of Directors, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The directors in attendance at any of such interconnected places shall be deemed for all purposes to have attended the same individual meeting of the Board of Directors.*
3. *Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call to meeting if all of the directors are present in person or by proxy and unanimously agree to hold the meeting and to the items of the agenda to be dealt with thereat."*

**"Article 36. Quorum for the Meeting and Majorities Required to Adopt Resolutions**

1. *The establishment of a quorum within the Board of Directors and the adoption of resolutions thereby shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.*
2. *All of the directors may cast their vote and give their proxy in favour of another director, provided, however, that non-executive directors may only do so in favour of another non-executive director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.*
3. *The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.*
4. *Unless higher majorities are provided for by law or the Governance and Sustainability System, resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting. In the event of a tie, the chairman of the Board of Directors shall have the tie-breaking vote.*
5. *The chairman of the Board of Directors may invite to meetings all those persons who may contribute to improving the information provided to the directors.*
6. *The Board of Directors and its committees may adopt resolutions by vote in writing without a meeting."*



## **“ITEM NUMBER ELEVEN ON THE AGENDA**

***Amendment of Articles 53 and 54 of the By-Laws and addition of six new articles numbered from 55 to 60, reorganising the chapters of Title V, to establish the regulations for the preparation, verification and approval of the annual financial and non-financial information.***

### **RESOLUTION**

*Amendment of Articles 53 and 54 of the By-Laws and addition of six new articles numbered from 55 to 60, reorganising the chapters of Title V, to establish the regulations for the preparation, verification and approval of the annual financial and non-financial information. Said articles shall hereafter read as follows:*

#### **“Article 53. Financial Year**

*The financial year shall commence on 1 January of each year and shall end on 31 December of each year.”*

#### **“Article 54. Preparation**

*Within the first three months of the year, the Board of Directors shall prepare the annual financial statements, the directors’ report and the proposed allocation of profits or losses, and the consolidated annual financial statements and directors’ report for the previous financial year.”*

#### **“Article 55. Verification**

- 1. The separate and consolidated annual financial statements and directors’ reports must be audited by an external auditor, the appointment or re-election of which shall be submitted by the Board of Directors, upon a proposal of the Audit and Risk Supervision Committee, for the approval of the shareholders at the General Shareholders’ Meeting.*
- 2. The external auditor must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System.”*

#### **“Article 56. Approval**

*The separate and consolidated annual financial statements and directors’ reports shall be submitted for the approval of the shareholders at the General Shareholders’ Meeting by a simple majority of votes, in accordance with the provisions of Article 29 of these By-Laws.”*

#### **“Article 57. Allocation of Profits/Losses**

- 1. The shareholders shall decide at the General Shareholders’ Meeting upon the allocation of profits or losses for the financial year in accordance with the approved annual financial statements.*
- 2. If the shareholders resolve to distribute a dividend, they shall decide the time and form of payment thereof. The establishment of these standards and of any others that may be*



*required or appropriate to carry out the resolution may be delegated to the Board of Directors.*

3. *The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.*
4. *The distribution of a dividend to the shareholders shall be made in proportion to their paid-up share capital."*

#### **"Article 58. Preparation**

*The Board of Directors shall prepare the statement of non-financial information for the preceding financial year, within the period and in accordance with the provisions of applicable law and the Governance and Sustainability System, presenting a clear and accurate statement of the Company's social, environmental and sustainability performance, as well as of the social dividend generated and shared with its Stakeholders. In particular, said statement of non-financial information shall also report on the level of achievement and any updates of the climate action plan approved by the Board of Directors."*

#### **"Article 59. Verification**

1. *The statement of non-financial information must be reviewed by an external provider of assurance services appointed by the Board of Directors upon a proposal of the Audit and Risk Supervision Committee.*
2. *The provider of said service must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System."*

#### **"Article 60. Approval**

*The statement of non-financial information shall be submitted for the approval of the shareholders at the General Shareholders' Meeting by a simple majority of votes, in accordance with the provisions of Article 29 of these By-Laws."*

## **"ITEM NUMBER TWELVE ON THE AGENDA**

***Amendment of Articles 55 and 56 of the By-Laws, which will become Articles 61 and 62, to make technical improvements and group them within a new Title VI.***

### **RESOLUTION**

*Amendment of Articles 55 and 56 of the By-Laws, which will become Articles 61 and 62, to make technical improvements and group them within a new Title VI. Said articles shall hereafter read as follows:*



**“Article 61. Dissolution**

*The Company shall be dissolved upon the occurrence of any of the grounds established by law, which must be ascertained and assessed in accordance with the provisions of the Governance and Sustainability System, which shall also supplement the provisions of applicable law on this issue.”*

**“Article 62. Liquidation**

- 1. The Company shall be governed by applicable legal provisions and the provisions of the Governance and Sustainability System during the liquidation period and until its termination.*
- 2. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which shall be composed of an odd number of members. If necessary for such purpose, the director having the least length of service since appointment or, in case of equal length, the director who is younger, shall cease to hold office.*
- 3. The provisions of these By-Laws governing the call to and holding of General Shareholders' Meetings shall be complied with during the liquidation.*
- 4. The corporate decision-making bodies, within the scope of their respective powers, shall adopt such resolutions and make such decisions as are appropriate to finalise the liquidation, seeking the common interest of the shareholders, observing and complying with the Purpose and Values of the Iberdrola group and its Code of Ethics, as well as the legitimate rights of all of its Stakeholders.”*

In Bilbao, on 11 May 2021.



## ANNEX

Current text of the <i>By-Laws</i>	Proposed amendments
<b>PREAMBLE</b>	<b>PREAMBLE</b>
<p>Organised in 1901, Iberdrola represents a business model built on a purpose and certain values, the common denominator and main engine of which is a commitment to the creation of sustainable value in the performance of all of its activities for its professionals, suppliers and shareholders, the people to whom it supplies energy, society and other Stakeholders.</p>	<p><del>Organised in 1901, Iberdrola represents a business model built on a purpose and certain values, the common denominator and main engine of which is a commitment to the creation of sustainable value in the performance of all of its activities for its professionals, suppliers and shareholders, the people to whom it supplies energy, society and other Stakeholders.</del></p>
<p>These <i>By-Laws</i> constitute the core of its internal system of rules. Pursuant to the corporate autonomy recognised by law, they govern the corporate contract that all shareholders accept upon acquiring such status and lay the foundations and principles determining the governance of Iberdrola as the controlling entity of a multinational entity group.</p>	<p><del>These <i>By-Laws</i> constitute the core of its internal system of rules.</del>Pursuant to the corporate autonomy recognised by law, <u>they these <i>By-Laws</i> govern</u> the corporate contract <u>by which</u> all shareholders <u>accept of</u> <u>IBERDROLA, S.A. (the “Company”)</u> <u>are bound</u> upon acquiring such status <del>and lay the foundations and principles determining the governance of Iberdrola as the controlling entity of a multinational entity group.</del></p>
<p>The <i>By-Laws</i> go much beyond the content required by law and what is customary for listed companies in that they define in their preliminary title the foundations of Iberdrola as an independent, open holding company of an international industrial group, which is decentralised and committed to a purpose and values, as well as the Sustainable Development Goals (SDGs) approved by the United Nations. The <i>By-Laws</i> also recognise the fact that Iberdrola, due to its size and importance, constitutes an institutional reality, a focal point for many Stakeholders and for the economic and social environment in which it does business.</p> <p>The text of these <i>By-Laws</i> is inspired by the Iberdrola group’s purpose, <i>to continue building together each day a healthier, more accessible energy model, based on electricity</i>, as well as by its corporate values: sustainable energy, integrating force and driving force. The purpose and values of the Iberdrola group constitute its corporate philosophy, the ideological and axiological foundation on which its own business enterprise is based, the set of ideas, values and principles that inspire the organisation and conduct of Iberdrola and its group, guide the realisation of its object and specify and give substance to the corporate interest.</p>	<p><del>The <i>By-Laws</i> go much beyond the content required by law and what is customary for listed companies in that they define in their preliminary title the foundations of Iberdrola as an independent, open holding company of an international industrial group, which is decentralised and committed to a purpose and values, as well as the Sustainable Development Goals (SDGs) approved by the United Nations. The <i>By-Laws</i> also recognise the fact that Iberdrola, due to its size and importance, constitutes an institutional reality, a focal point for many Stakeholders and for the economic and social environment in which it does business.</del></p> <p><del>The text of these <i>By-Laws</i> is inspired by the Iberdrola group’s purpose, <i>to continue building together each day a healthier, more accessible energy model, based on electricity</i>, as well as by its corporate values: sustainable energy, integrating force and driving force. The purpose and values of the Iberdrola group constitute its corporate philosophy, the ideological and axiological foundation on which its own business enterprise is based, the set of ideas, values and principles that inspire the organisation and conduct of Iberdrola and its group, guide the realisation of its object and specify and give substance to the corporate interest.</del></p>



<p>The regulatory nature of the purpose and values of the Iberdrola group is expressly recognised in the preliminary title of the <i>By-Laws</i>, at the top of its internal rules, as they are called upon to guide the application and interpretation thereof (always in accordance with applicable law), to govern the day-to-day activities of the Company, to channel its leadership role in its various areas of activity and to guide its sustainable development strategy and the ethical behaviour of all personnel participating in the daily construction of Iberdrola's business enterprise.</p> <p>In turn, these <i>By-Laws</i>, approved by the shareholders of the Company at a General Shareholders' Meeting, the maximum governance body through which the people holding the legitimate ownership of Iberdrola express their desire, are the basis on which the Company has built its Corporate Governance System, a regulatory structure that ensures the effective articulation of the corporate purpose and values of the Iberdrola group in the form of a true regulatory system. As such, it is subject to continuous review and update in order to immediately conform to regulatory changes and to the most stringent international standards. The Corporate Governance System makes up a business model 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 group's businesses, all on the basis of an effective system of checks and balances that prevents the centralisation of power within a single governance body or a single person.</p>	<p><del>In turn, these <i>By-Laws</i>, approved by the shareholders of the Company at a General Shareholders' Meeting, the maximum governance body through which the people holding the legitimate ownership of Iberdrola express their desire, are the basis on which the Company has built its Corporate Governance System, a regulatory structure that ensures the effective articulation of the corporate purpose and values of the Iberdrola group in the form of a true regulatory system. As such, it is subject to continuous review and update in order to immediately conform to regulatory changes and to the most stringent international standards. The Corporate Governance System makes up a business model.</del></p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>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 power within a single governance body or a single person.</u></p>
	<p><u>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 "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</u></p>



	<u>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.</u>
	<u>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 <i>raison d'être</i> 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.</u>
	<u>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.</u>
To the extent applicable thereto, Iberdrola's <i>By-Laws</i> and the other provisions of its Corporate Governance System bind its shareholders, the members of the Board of Directors, senior management and other professionals, as well as, generally, any persons validly linked thereto. All have the duty to comply with them, as well as the right to demand compliance therewith.	To the extent applicable thereto, <del>Iberdrola's</del> the <i>By-Laws</i> and the other provisions of the Company's <del>Corporate Governance</del> <u>Governance and Sustainability System</u> bind its shareholders, the members of the Board of Directors <u>and of</u> senior management, and <u>the</u> other professionals <u>of the Company and its group</u> , 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.
<b>PRELIMINARY TITLE. IBERDROLA, S.A. AND ITS GROUP</b>	<b>PRELIMINARY TITLE. IBERDROLA, S.A. AND ITS GROUP</b>
<b>Article 1. Company Name</b>	<b>Article 1. Company Name</b>
The name of the company is IBERDROLA, S.A. (the "Company").	The name of the <del>company</del> <u>Company</u> is IBERDROLA, S.A. <del>(the "Company")</del> .
<b>Article 4. The Iberdrola Group</b>	<b>Article 4. The Iberdrola <del>Group</del> <u>group</u></b>





1. The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the “Group”).	1. The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the “Group”).
2. The corporate and governance structure of the Group is defined based on the following:	2. The corporate and governance structure of the Group is defined based on the following:
a) The Company has duties relating to the establishment, supervision and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level, as well as the design of the Corporate Governance System.	a) The Company has duties relating to the establishment, supervision and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level, as well as the design of the <del>Corporate Governance System</del> <u>Corporate Governance and Sustainability System</u> .
b) Country subholding companies group together the equity stakes in the Group’s head of business companies and carry out the function of organisation and coordination in relation to such countries and/or businesses as are decided by the Company’s Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.	b) Country subholding companies group together the equity stakes in the Group’s head of business companies and carry out the function of organisation and coordination in relation to such countries and/or businesses as are decided by the Company’s Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.
The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.	The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.
c) Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of each of the Group’s businesses within one or more countries, and of the day-to-day control thereof.	c) Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of each of the Group’s businesses within one or more countries, and of the day-to-day control thereof, <u>without prejudice to observing the corporate autonomy of the subsidiaries of the head of business companies in accordance with law</u> .
3. All companies of the Group share the same corporate interest as well as the same purpose, corporate values and ethical principles.	3. All companies of the Group share the same corporate interest as well as the same purpose, corporate values and ethical principles.
<b>Article 8. Applicable Legal Provisions, Corporate Governance System and Compliance System</b>	<b>Article 8. Applicable Legal Provisions, <del>Corporate Governance System</del> <u>Corporate Governance and Sustainability System</u> and Compliance System</b>
1. The Company is governed by the legal provisions	1. The Company is governed by the legal provisions



relating to listed companies and other applicable laws and regulations, as well as by its Corporate Governance System.	relating to listed companies and other applicable laws and regulations, as well as by its <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
2. The Corporate Governance System is the Company's internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best implementation of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.	2. The <del>Corporate Governance</del> <u>Governance and Sustainability</u> System is the Company's internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best development of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.
3. The Company's Corporate Governance System is made up of these <i>By-Laws</i> , the <i>Purpose and Values of the Iberdrola group</i> , the <i>Code of Ethics</i> , the corporate policies and the other governance and compliance rules.	3. The Company's <del>Corporate Governance</del> <u>Governance and Sustainability</u> System is made up of these <i>By-Laws</i> , the <i>Purpose and Values of the Iberdrola group</i> , the <i>Code of Ethics</i> , the corporate policies and other governance and compliance rules.
4. The <i>Purpose and Values of the Iberdrola group</i> sets out its raison d'être, the ideological and axiological foundation of its corporate enterprise, which, due to its size and importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.	4. The <i>Purpose and Values of the Iberdrola group</i> set out its raison d'être, the ideological and axiological foundation of its business enterprise, which, due to its size and the importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.
5. The <i>Purpose and Values of the Iberdrola group</i> also inspires and takes form in the corporate policies and in the other rules of the Corporate Governance System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.	5. The <i>Purpose and Values of the Iberdrola group</i> also inspires and takes form in the corporate policies and in the other rules of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.
6. The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.	6. The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.
7. Full or summarised versions of the rules making up the Corporate Governance System can be viewed	7. Full or summarised versions of the rules making up the <del>Corporate Governance</del> <u>Governance and Sustainability</u>



<p>on the Company's corporate website.</p>	<p><u>Sustainability</u> System can be viewed on the Company's corporate website.</p>
<p>8. The Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Corporate Governance System itself, as well as to contribute to the full realisation of the <i>Purpose and Values of the Iberdrola group</i> and the corporate interest.</p>	<p>8. The Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the <del>Corporate Governance</del><u>Governance and Sustainability</u> System itself, as well as to contribute to the full realisation of the <i>Purpose and Values of the Iberdrola group</i> and the corporate interest.</p>
<p>9. The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors.</p>	<p>9. The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors.</p>
<p><b>Article 9. Stakeholder Engagement, Corporate Websites and Presence on Social Media</b></p>	<p><b>Article 9. Stakeholder Engagement, Corporate Websites and Presence on Social Media</b></p>
<p>1. The Company and the other entities belonging to the Group seek to engage all Stakeholders in its corporate enterprise in accordance with a policy on relations with all of them based on two-way communication and on the principles of transparency, active listening and equal treatment, which allows for all of their legitimate interests to be taken into consideration and to effectively disclose information regarding the activities and businesses of the Group. The Company's Board of Directors is responsible for approving this policy and coordinating and supervising the application thereof.</p>	<p>1. The Company and the other entities belonging to the Group seek to engage all Stakeholders in its corporate enterprise in accordance with a policy on relations <del>with all of them</del> based <del>on two-way communication</del> <del>and</del> on the principles of transparency <u>and</u> active listening <del>and equal treatment</del>, which allows for <u>continuing to respond to</u> their legitimate interests <del>to be taken into consideration</del> and to effectively disclose information regarding the activities and businesses of the Group. The Company's Board of Directors is responsible for approving this policy and coordinating and supervising the application thereof.</p>
<p>2. The Company's corporate website, its presence on social media and its digital communication strategy generally are channels of communication serving the Stakeholder engagement policy. The ultimate goal thereof is to encourage the stakeholders' engagement, reinforce their sense of belonging, strengthen the Iberdrola brand and favour the development of the businesses of the Group and the digital transformation thereof.</p>	<p>2. The Company's corporate website, its presence on social media and its digital communication strategy generally are channels of communication serving the Stakeholder engagement policy. The ultimate goal thereof is to encourage the stakeholders' engagement, reinforce their sense of belonging, strengthen the Iberdrola brand and favour the development of the businesses of the Group and the digital transformation thereof.</p>
<p>3. The Board of Directors shall promote the use of the corporate website to facilitate the exercise of the shareholders' rights to receive information and to participate in connection with the General Shareholders' Meeting and the corporate</p>	<p>3. The Board of Directors shall promote the use of the corporate website to facilitate the exercise of the shareholders' rights to receive information and to participate in connection with the General Shareholders' Meeting and the corporate</p>



governance of the Company, upon the terms provided by law and the Corporate Governance System.	governance of the Company, upon the terms provided by law and the <del>Corporate Governance</del> <u>Governance and Sustainability System</u> .
4. The corporate websites and the presence on social media of the country subholding companies and of the head of business companies contribute to the Company's digital communication strategy and are one of the principal means for engaging their respective Stakeholders. The structure and content thereof shall conform to the Company's Stakeholder engagement policy and to the general guidelines approved by its Board of Directors.	4. The corporate websites and the presence on social media of the country subholding companies and of the head of business companies contribute to the Company's digital communication strategy and are one of the principal means for engaging their respective Stakeholders. The structure and content thereof shall conform to the Company's Stakeholder engagement policy and to the general guidelines approved by its Board of Directors.
5. All companies of the Group shall promote the accessibility of their respective corporate websites.	5. All companies of the Group shall promote the accessibility of their respective corporate websites.
<b>Article 12. Shareholder Status</b>	<b>Article 12. Shareholder Status</b>
1. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the Corporate Governance System. The shareholders also participate indirectly, through the Company, in the other companies of the Group.	1. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System. The shareholders also participate indirectly, through the Company, in the other companies of the Group.
2. The Company shall acknowledge as shareholders any parties that appear entitled to have shareholder status as owner in the entries of the corresponding book-entry register.	2. The Company shall acknowledge as shareholders any parties that appear entitled to have shareholder status as owner in the entries of the corresponding book-entry register.
3. The Company may, as legally allowed, access the information needed to fully identify its shareholders, including addresses and means of contact for communication with them.	3. The Company may, as legally allowed, access the information needed to fully identify its shareholders <u>and the ultimate beneficial owners, within the meaning provided by law</u> , including addresses and means of contact for communication with them.
<b>Article 14. Shareholders and the Corporate Governance System</b>	<b>Article 14. Shareholders and the <u>Governance and Sustainability</u> System</b>
1. The ownership of shares entails consent to the Corporate Governance System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.	1. The ownership of shares entails consent to the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.
2. Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty,	2. Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty,



<p>in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Corporate Governance System.</p>	<p>in good faith and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.</p>
<b>Article 15. General Shareholders' Meeting</b>	<b>Article 15. General Shareholders' Meeting</b>
<p>1. The shareholders, meeting at a General Shareholders' Meeting, shall decide, by the majorities required in each case and in accordance with law and the Corporate Governance System, on the matters within their purview.</p>	<p>1. The shareholders, meeting at a General Shareholders' Meeting, shall decide, by the majorities required in each case and in accordance with law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, on the matters within their purview.</p>
<p>2. Resolutions that are duly adopted at a General Shareholders' Meeting shall bind all shareholders, including shareholders who are absent, dissent, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.</p>	<p>2. Resolutions that are duly adopted at a General Shareholders' Meeting shall bind all shareholders, including shareholders who are absent, dissent, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.</p>
<p>3. The General Shareholders' Meeting is governed by the provisions of law, these <i>By-Laws</i>, the <i>Regulations for the General Shareholders' Meeting</i>, other applicable provisions of the Corporate Governance System and other implementing rules approved by the Board of Directors within the scope of its powers.</p>	<p>3. The General Shareholders' Meeting is governed by the provisions of law, these <i>By-Laws</i>, the <i>Regulations for the General Shareholders' Meeting</i>, other applicable provisions of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System and other implementing rules approved by the Board of Directors within the scope of its powers.</p>
<b>Article 17. Powers of the Shareholders Acting at a General Shareholders' Meeting</b>	<b>Article 17. Powers of the Shareholders Acting at a General Shareholders' Meeting</b>
<p>1. The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the <i>Regulations for the General Shareholders' Meeting</i> or other rules of the Corporate Governance System, and particularly regarding the following:</p>	<p>1. The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the <i>Regulations for the General Shareholders' Meeting</i> or other rules of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, and particularly regarding the following:</p>
<p>a) The approval of the annual financial statements, the allocation of profits or losses and the approval corporate management.</p>	<p>a) The approval of the annual financial statements, <u>the directors' report</u>, the allocation of profits or losses and <del>the approval of</del> corporate management.</p>
<p>b) The approval of the statement of non-financial information.</p>	<p>b) The approval of the statement of non-financial information.</p>



c) The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.	c) The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.
d) The approval of the director remuneration policy.	d) The approval of the director remuneration policy.
e) The approval of the establishment of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.	e) The approval of the establishment of systems for remuneration of the <del>Company's</del> directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.
f) Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.	f) Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.
g) The appointment, re-election and removal of the statutory auditors.	g) The appointment, re-election and removal of the statutory auditors.
h) The amendment of these <i>By-Laws</i> .	h) The amendment of these <i>By-Laws</i> .
i) An increase or reduction in share capital.	i) An increase or reduction in share capital.
j) The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.	j) The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.
k) The delegation to the Board of Directors of the power to carry out an increase in capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such	k) The delegation to the Board of Directors of the power to carry out an increase in capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such



	decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.		decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.
l)	The exclusion or limitation of pre-emptive rights.	l)	The exclusion or limitation of pre-emptive rights.
m)	The authorisation for the derivative acquisition of the Company's own shares.	m)	The authorisation for the derivative acquisition of the Company's own shares.
n)	The transformation, merger, split-off or overall assignment of assets and liabilities and the transfer of the registered office abroad.	n)	The transformation, merger, split-off or overall assignment of assets and liabilities and the transfer of the registered office abroad.
o)	The dissolution of the Company and the appointment and removal of the liquidators.	o)	The dissolution of the Company and the appointment and removal of the liquidators.
p)	The approval of the final liquidation balance sheet.	p)	The approval of the final liquidation balance sheet.
q)	The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.	q)	The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.
r)	The exercise of derivative liability actions against directors, statutory auditors and liquidators.	r)	The exercise of derivative liability actions against directors, statutory auditors and liquidators.
s)	The approval and amendment of the <i>Regulations for the General Shareholders' Meeting</i> .	s)	The approval and amendment of the <i>Regulations for the General Shareholders' Meeting</i> .
		t)	<a href="#"><u>The authorisation of related-party transactions in an amount or with a value equal to or greater than that determined by law.</u></a>
t)	The transfer to controlled entities of core activities that were previously carried out by the Company itself, while maintaining full control thereof.	u)	<del>t)</del> The transfer to controlled entities of core activities that were previously carried out by the Company itself, while maintaining full control thereof.



u) The acquisition, transfer or contribution of key assets from or to another company.	v) <del>u)</del> The acquisition, transfer or contribution of key assets from or to another company.
v) The approval of transactions having an effect equivalent to liquidation of the Company.	w) <del>v)</del> The approval of transactions having an effect equivalent to liquidation of the Company.
2. The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the Company's Corporate Governance System.	2. The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the <del>Company's Corporate Governance</del> <u>Governance and Sustainability</u> System.
<b>Article 18. Call to the General Shareholders' Meeting</b>	<b>Article 18. Call to <u>and Methods</u> of Holding a General Shareholders' Meeting</b>
1. A General Shareholders' Meeting must be formally called by the Board of Directors through an announcement published as much in advance as required by law.	1. A General Shareholders' Meeting must be <del>formally</del> called by the Board of Directors through an announcement published as much in advance as required by law, <u>and which shall state the manner in which it will be held.</u>
	2. <u>A General Shareholders' Meeting may be held in the following ways: in person only, in person with the ability to attend remotely, or, if there are reasons that make it advisable, exclusively by remote means. In all cases, shareholders may grant a proxy and cast an absentee vote pursuant to the provisions of these By-Laws, the Regulations for the General Shareholders' Meeting and the implementing rules approved by the Board of Directors within the scope of its powers.</u>
2. The announcement of the call to meeting shall be disseminated through the following media, at a minimum:	3. <del>2-</del> The announcement of the call to meeting shall be disseminated through the following media, at a minimum:
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.	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> ).	b) The website of the National Securities Market Commission ( <i>Comisión Nacional del Mercado de Valores</i> ).
c) The Company's corporate website.	c) The Company's corporate website.
<b>Article 19. Shareholders' Right to Receive Information</b>	<b>Article 19. Shareholders' Right to Receive Information</b>





<p>1. From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem pertinent regarding (i) the matters contained in the agenda of the call to meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) the audit report.</p>	<p>1. From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem pertinent regarding (i) the matters contained in the agenda of the call to meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) the audit report.</p>
<p>2. During the course of the General Shareholders' Meeting, the shareholders may verbally request the information or clarifications that they deem appropriate regarding the matters set forth in the preceding section.</p>	<p>2. <del>During the course of the</del><a href="#">Shareholders attending the General Shareholders' Meeting,<del>the shareholders</del> may <del>verbally</del><a href="#">request such</a> information or clarifications as they deem appropriate regarding the matters set forth in the preceding section <a href="#">within the period and on the terms determined by the Board of Directors in accordance with the provisions of law and the Governance and Sustainability System.</a></a></p>
<p>3. The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the periods set forth in the law, in these <i>By-Laws</i> and in the <i>Regulations for the General Shareholders' Meeting</i>, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes or that publication of the information might prejudice the Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least twenty-five per cent of the share capital.</p>	<p>3. The Board of Directors shall be required to provide the information <del>requested pursuant to the preceding</del><a href="#">validly requested</a> in the form and within the periods set forth in the law, in these <i>By-Laws</i> <del>and</del>, in the <i>Regulations for the General Shareholders' Meeting</i> <a href="#">and in the implementing rules approved by the Board of Directors within the scope of its powers</a>, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes or that publication of the information might prejudice the Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least twenty-five per cent of the share capital.</p>
<p>4. The announcement of the call to the General Shareholders' Meeting shall state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the approval of the shareholders at such General Shareholders' Meeting, as well as, if applicable, the directors' report and the audit report.</p>	<p>4. The announcement of the call to the General Shareholders' Meeting shall state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the approval of the shareholders at such General Shareholders' Meeting, as well as, if applicable, the directors' report and the audit report.</p>



<p>5. The Company shall make available to its shareholders the information and documentation required in accordance with the provisions of law and the Corporate Governance System.</p>	<p>5. The Company shall make available to its shareholders the information and documentation required in accordance with the provisions of law <del>and</del>, the <del>Corporate Governance</del><u>Governance and Sustainability</u> System <u>and the implementing rules approved by the Board of Directors within the scope of its powers.</u></p>
<p><b>Article 20. Place of the Meeting</b></p>	<p><b>Article 20. Place of the Meeting</b></p>
<p>The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.</p>	<p>1. The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.</p>
	<p>2. <u>If the General Shareholders' Meeting is held exclusively by remote means, the place of the meeting shall be deemed to be the registered office.</u></p>
<p><b>Article 21. Establishment of a Quorum for the General Shareholders' Meeting</b></p>	<p><b>Article 21. Establishment of a Quorum for the General Shareholders' Meeting</b></p>
<p>1. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda.</p>	<p>1. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda.</p>
<p>2. Notwithstanding the provisions of the preceding section, shareholders representing two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company and the amendment of this section 2.</p>	<p>2. Notwithstanding the provisions of the preceding section, shareholders representing two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company and the amendment of this section 2.</p>
<p>3. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.</p>	<p>3. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.</p>
<p>4. If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Corporate Governance System, in order to adopt a resolution regarding one or more items on the agenda, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders at the General</p>	<p>4. If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the <del>Corporate Governance</del><u>Governance and Sustainability</u> System, in order to adopt a resolution regarding one or more items on the agenda, and such percentage is not reached or such shareholders are not present in person or</p>



Shareholders' Meeting shall limit themselves to deliberating and deciding on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.	by proxy, the shareholders at the General Shareholders' Meeting shall limit themselves to deliberating and deciding on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.
<b>Article 22. Right to Attend</b>	<b>Article 22. Right to Attend</b>
1. The holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereat, with the right to be heard and to vote.	1. The holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereat, with the right to be heard and to vote.
2. The General Shareholders' Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow for recognition and identification of the attendees, permanent communication among them, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to be held at the principal location thereof.	2. The General Shareholders' Meeting may be attended <u>in person</u> by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow for recognition and identification of the attendees, permanent communication among them, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to be held at the principal location thereof.
	3. <u>The General Shareholders' Meeting may be attended remotely using the systems determined by the Board of Directors, which must allow for the identification of attendees, the exercise of their rights and the proper conduct of the meeting.</u>
3. In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held.	4. <del>3.</del> —In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held.
4. The chair of the General Shareholders' Meeting may authorise the attendance of management personnel, professionals of the companies of the Group and other persons related to the Company. The chair may also grant access to the media, to financial analysts and to any other person the chair deems appropriate, as well as authorise the simultaneous or delayed broadcast thereof, although the shareholders acting thereat may revoke such authorisation.	5. <del>4.</del> —The chair of the General Shareholders' Meeting may authorise the <u>in-person or remote attendance</u> of management personnel, professionals of the companies of the Group and other persons related to the Company. The chair may also grant <u>in-person or remote</u> access to the media, to financial analysts and to any other person the chair deems appropriate, as well as authorise the simultaneous or delayed broadcast



	thereof, although the shareholders acting thereat may revoke such authorisation.
<b>Article 23. Right to Proxy Representation</b>	<b>Article 23. Right to Proxy Representation</b>
1. All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.	1. All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law <del>and</del> , the <del>Corporate</del> <del>Governance</del> <u>Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.</u>
	2. <u>Proxy representatives may participate in the General Shareholders' Meeting in person or remotely, as provided in the call to meeting.</u>
2. Proxies must be given in writing or by postal or electronic correspondence, in which case the provisions of Article 27 below for the casting of absentee votes shall apply to the extent applicable.	3. <del>2.</del> Proxies must be given in writing or <u>by remote means of communication (such as by telephone or by</u> postal or electronic correspondence), in which case the provisions of Article 27 below for the casting of absentee votes shall apply to the extent applicable.
3. Proxy and voting instructions of shareholders acting through intermediary and management institutions or depositaries shall be governed by the provisions of law and the Corporate Governance System.	4. <del>3.</del> Proxy and voting instructions of shareholders acting through intermediary and management institutions or depositaries shall be governed by the provisions of law <del>and</del> , the <del>Corporate Governance</del> <u>Governance and Sustainability System and the implementing rules approved by the Board of Directors within the scope of its powers.</u>
4. In cases of absence of identification of the proxy representative, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders' Meeting or a conflict of interest affecting the proxy representative, the rules established in this regard in the Corporate Governance System shall apply to the proxy.	5. <del>4.</del> In cases of absence of identification of the proxy representative, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders' Meeting or a conflict of interest affecting the proxy, the rules established in this regard in the <del>Corporate Governance</del> <u>Governance and Sustainability System and in the implementing rules approved by the Board of Directors within the scope of its powers</u> shall apply to the proxy.
5. The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be	6. <del>5.</del> The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be



<p>responsible for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument or means evidencing attendance or representation by proxy.</p>	<p>responsible for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy and absentee voting card or the instrument or means evidencing attendance or representation by proxy, <a href="#">including any means provided for authentication and participation by remote means</a>.</p>
<p><b>Article 24. Presiding Committee, Chair of and Secretary for the General Shareholders' Meeting</b></p>	<p><b>Article 24. Presiding Committee, Chair of and Secretary for the General Shareholders' Meeting</b></p>
<p>1. The Presiding Committee (<i>Mesa</i>) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these <i>By-Laws</i> or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting in carrying out the duties thereof.</p>	<p>1. The Presiding Committee (<i>Mesa</i>) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting, <a href="#">who may attend in person or remotely</a>.</p>
	<p>2. Without prejudice to other powers that may be assigned thereto by these <i>By-Laws</i> or the <del>Corporate</del> <del>Governance</del> <a href="#">Governance and Sustainability</a> System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting in carrying out the duties thereof.</p>
<p>2. The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in Article 42.6 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as chair of the General Shareholders' Meeting.</p>	<p>3. <del>2.</del> The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in Article 42.6 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as chair of the General Shareholders' Meeting.</p>
<p>3. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, they shall act in the order set forth in Article 44.2 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.</p>	<p>4. <del>3.</del> The secretary of the Board of Directors or, in the absence thereof, the deputy secretary, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, they shall act in the order set forth in Article 44.2 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.</p>



Article 26. Deliberations and Voting	Article 26. Deliberations and Voting
<p>1. The chair of the General Shareholders' Meeting shall: direct the meeting; accept new proposed resolutions relating to matters on the agenda; organise the deliberations, granting the floor to shareholders who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting; indicate the time and establish, pursuant to the <i>Regulations for the General Shareholders' Meeting</i>, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares, pursuant to law and these <i>By-Laws</i>; approve the polling and vote counting system; announce the voting results; temporarily suspend or propose a continuation of the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required for the proper conduct of the proceedings.</p>	<p>1. The chair of the General Shareholders' Meeting shall: direct the meeting; accept new proposed resolutions relating to matters on the agenda; organise the deliberations <u>and presentations</u>, granting the floor to shareholders <u>attending in person and</u> who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda or hinders the progress of the meeting; indicate the time and establish, pursuant to the <i>Regulations for the General Shareholders' Meeting</i>, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares, pursuant to law and these <i>By-Laws</i>; approve the polling and vote counting system; announce the voting results; temporarily suspend or propose a continuation of the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required for the proper conduct of the proceedings.</p>
<p>2. The chair of the General Shareholders' Meeting may entrust the management of the meeting to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out this duty on behalf of the chair, with the chair having the right to retake it at any time. In the event of temporary absence or supervening incapacity of the chair or of the secretary for the General Shareholders' Meeting, the appropriate persons under sections 2 and 3-of Article 24, respectively, shall assume the duties thereof.</p>	<p>2. The chair of the General Shareholders' Meeting may entrust the management of the meeting to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out this duty on behalf of the chair, with the chair having the right to retake it at any time. In the event of temporary absence or supervening incapacity of the chair of or the secretary for the General Shareholders' Meeting, the appropriate persons under sections <u>23</u> and <u>34</u> of Article 24, respectively, shall assume the duties thereof.</p>
<p>3. Proposed resolutions shall be voted upon by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the <i>Regulations for the General Shareholders' Meeting</i>.</p>	<p>3. Proposed resolutions shall be voted upon by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the <i>Regulations for the General Shareholders' Meeting</i>.</p>
Article 27. Absentee Voting	Article 27. Absentee Voting
<p>1. Shareholders may cast their absentee vote on proposed resolutions relating to the items on the agenda of the call to meeting by complying with the requirements of law and the Corporate Governance System.</p>	<p>1. Shareholders may cast their absentee vote <u>in writing or by remote means of communication (such as by telephone or by postal or electronic correspondence)</u> on proposed resolutions relating to the items on the agenda of the call to</p>



	meeting by complying with the requirements of law <del>and</del> , the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System <u>and the implementing rules approved by the Board of Directors within the scope of its powers</u> .
2. Shareholders that have cast their absentee vote shall be deemed present for purposes of the establishment of a quorum for the General Shareholders' Meeting.	2. Shareholders that have cast their absentee vote shall be deemed present for purposes of the establishment of a quorum for the General Shareholders' Meeting.
3. Absentee votes must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.	3. Absentee votes must be received by the Company before <del>24:00</del> <u>24:00</u> on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.
4. The Board of Directors is authorised to develop the rules, means and procedures for absentee voting, including applicable rules on priority and conflict.	4. The Board of Directors is authorised to develop the rules, means and procedures for absentee voting, including applicable rules on priority and conflict.
Specifically, the Board of Directors may reduce the advance period set forth in section 3 above for receipt by the Company of absentee votes, and accept and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, any absentee votes received after such period, to the extent permitted by the means available.	Specifically, the Board of Directors may reduce the advance period set forth in section 3 above for receipt by the Company of absentee votes, and accept and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, any absentee votes received after such period, to the extent permitted by the means available.
5. The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, shall be responsible for verifying and recognising the validity of the absentee votes cast in accordance with the provisions set forth in the Corporate Governance System and the rules established by the Board of Directors in implementation thereof.	5. The chair of and the secretary for the General Shareholders' Meeting, from the establishment of a valid quorum thereat, and the persons acting by delegation from either of them, <u>shall be responsible for</u> verifying and recognising the validity of the absentee votes cast in accordance with the provisions set forth in the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System and the <u>implementing</u> rules <del>established</del> <u>approved</u> by the Board of Directors <del>in implementation thereof</del> <u>within the scope of its powers</u> .
6. Remote attendance at the General Shareholders' Meeting by remote and simultaneous means and the casting of electronic absentee votes during the course of the General Shareholders' Meeting may be allowed if provided for in the <i>Regulations for the</i>	6. <del>Remote attendance at the General Shareholders' Meeting by remote and simultaneous means and the casting of electronic absentee votes during the course of the General Shareholders' Meeting may be allowed if provided for in the Regulations for the General Shareholders' Meeting, subject to the</del>



<p><i>General Shareholders' Meeting</i>, subject to the requirements set forth therein.</p>	<p><del>requirements set forth therein.</del> <u>The provisions of the preceding sections of this article shall not apply to shareholders or their proxy representatives if they attend the General Shareholders' meeting remotely. The casting of votes by those attending remotely during the General Shareholders' Meeting shall be governed by the provisions of these By-Laws, the Regulations for the General Shareholders' Meeting and the implementing rules approved by the Board of Directors within the scope of its powers.</u></p>
<p><b>Article 28. Conflicts of Interest</b></p>	<p><b>Article 28. Conflicts of Interest</b></p>
<p>1. A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:</p>	<p>1. A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:</p>
<p>a) Relieve the shareholder of an obligation or grant the shareholder a right.</p>	<p>a) Relieve the shareholder of an obligation or grant the shareholder a right.</p>
<p>b) Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.</p>	<p>b) Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.</p>
<p>c) Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.</p>	<p>c) Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.</p>
	<p><u>d) Approve a related-party transaction that affects the shareholder, unless the corresponding proposed resolution has been approved in accordance with the provisions of law.</u></p>
<p>2. The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or companies belonging to their group (within the meaning indicated in Article 29.3 below), even if these latter companies or entities are not shareholders.</p>	<p>2. The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or companies belonging to their group (within the meaning indicated in Article 29.3 below), even if these latter companies or entities are not shareholders.</p>
<p>3. If the shareholder subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority</p>	<p>3. If the shareholder subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority</p>





needed for the adoption of the relevant resolutions shall be calculated.	needed for the adoption of the relevant resolutions shall be calculated.
<b>Article 30. Management and Representation of the Company</b>	<b>Article 30. Management and Representation of the Company</b>
1. The Company is managed and represented by the Board of Directors, its chairman and, if applicable and if so approved by the Board of Directors, by an executive committee called the Executive Committee ( <i>Comisión Ejecutiva Delegada</i> ) and, also if so decided by the Board of Directors, by one or more chief executive officers ( <i>consejeros delegados</i> ).	1. The Company is managed and represented by the Board of Directors, its chairman and, if applicable and if so approved by the Board of Directors, by an executive committee called the Executive Committee ( <i>Comisión Ejecutiva Delegada</i> ) and, also if so decided by the Board of Directors, by one or more chief executive officers ( <i>consejeros delegados</i> ).
2. Each of these bodies shall have the powers set forth in these <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> and other applicable provisions of the Corporate Governance System, without prejudice to the provisions of law.	2. Each of these bodies shall have the powers set forth in these <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> and other applicable provisions of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, without prejudice to the provisions of law.
<b>Article 31. Regulation of the Board of Directors</b>	<b>Article 31. Regulation of the Board of Directors</b>
The Board of Directors shall be governed by the provisions set forth in the law, these <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> and other applicable provisions of the Corporate Governance System.	The Board of Directors shall be governed by the provisions set forth in the law, these <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> and other applicable provisions of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
<b>Article 32. Powers of the Board of Directors</b>	<b>Article 32. Powers of the Board of Directors</b>
1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Corporate Governance System to the shareholders acting at a General Shareholders' Meeting.	1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System to the shareholders acting at a General Shareholders' Meeting.
2. Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Corporate Governance System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:	2. Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:
a) Establish, within legal limits, the policies, strategies and guidelines of the Group, entrusting to the decision-making bodies and the management of the head of business	a) Establish, within legal limits, the policies, strategies and guidelines of the Group, entrusting to the decision-making bodies and the management of the head of business



companies of the Group the duties of day-to-day administration and effective management of each of the businesses.	companies of the Group the duties of day-to-day administration and effective management of each of the businesses.
b) Supervise the general development of the aforementioned policies and strategies and guidelines by the country subholding companies and by the head of business companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging to the Group.	b) Supervise the general development of the aforementioned policies, <del>and</del> strategies and guidelines by the country subholding companies and by the head of business companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging to the Group.
c) Decide on matters of strategic importance at the Group level.	c) Decide on matters of strategic importance at the Group level.
3. The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.	3. The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.
4. The Board of Directors shall design, evaluate and review the Corporate Governance System on an ongoing basis. It shall approve the <i>Purpose and Values of the Iberdrola group</i> and shall pay special attention to the approval and updating of the corporate policies, which further develop the principles reflected in these <i>By-Laws</i> and in the other provisions of the Corporate Governance System and codify the guidelines that should govern the activities of the Company, its shareholders and the Group.	4. The Board of Directors shall design, evaluate and review the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System on an ongoing basis. It shall approve the <i>Purpose and Values of the Iberdrola group</i> and shall pay special attention to the approval and updating of the corporate policies, which further develop the principles reflected in these <i>By-Laws</i> and in the other provisions of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System and codify the guidelines that should govern the activities of the Company, its shareholders and the Group.  <u><a href="#">In particular, the Board of Directors shall approve and regularly update a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050. This plan shall set out the intermediate objectives, the strategy and the investment plan designed to meet these objectives and shall define the methodologies used to assess the implementation thereof.</a></u>
5. The <i>Regulations of the Board of Directors</i> shall specify the powers reserved to such body, which may not be entrusted to the representative	5. The <i>Regulations of the Board of Directors</i> shall specify the powers reserved to such body, which may not be entrusted to the representative



decision-making bodies or to the senior management of the Company.	decision-making bodies or to the senior management of the Company.
<b>Article 33. Composition of the Board of Directors and Appointment of Directors</b>	<b>Article 33. Composition of the Board of Directors and Appointment of Directors</b>
1. The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Corporate Governance System.	1. The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
2. The determination of the number of directors shall be within the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly through the filling of vacancies or the appointment of new directors within the aforesaid minimum and maximum numbers.	2. The determination of the number of directors shall be within the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly through the filling of vacancies or the appointment of new directors within the aforesaid minimum and maximum numbers.
3. The following may not be appointed as directors or as individuals representing a corporate director:	3. The following may not be appointed as directors <del>or as individuals representing a corporate director:</del>
	a) Legal <u>entities</u> .
a) Domestic or foreign companies competing with the Company in the energy industry or other industries, or the directors or members of senior management thereof, or such persons, if any, as are proposed by them in their capacity as shareholders.	b) <u>Persons who hold the position of director or who are members of senior management of</u> domestic or foreign companies competing with the Company in the energy industry or other industries, <del>or the directors or senior management thereof</del> or such persons, if any, as are proposed by them in their capacity as shareholders.
b) Individuals or legal entities serving as directors in more than three companies with shares trading on domestic or foreign stock exchanges.	c) <del>b) Persons individuals or legal entities</del> serving as directors in more than <del>three</del> <u>five</u> companies, <del>with</del> <u>of which no more than three may have</u> shares trading on domestic or foreign stock exchanges .
c) Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company	d) <del>e) Persons</del> who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company



<p>under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the Group operates.</p>	<p>under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets or other industries in which the Group operates.</p>
<p>d) Individuals or legal entities that are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.</p>	<p><del>e) d) Individuals or legal entities that</del> <u>Persons who</u> are under any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.</p>
<p>4. The appointment, ratification, re-election and removal of directors must comply with the provisions of law and the Corporate Governance System. Resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification and re-election of directors must be accompanied by a report providing the rationale for the proposal.</p>	<p>4. The appointment, ratification, re-election and removal of directors must comply with the provisions of law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System. Resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification and re-election of directors must be accompanied by a report providing the rationale for the proposal.</p>
<p><b>Article 35. Meetings of the Board of Directors</b></p>	<p><b>Article 35. Meetings of the Board of Directors</b></p>
<p>1. The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for by law and the <i>Regulations of the Board of Directors</i>. Meetings shall take place at the Company's registered office or at the place, in Spain or abroad, indicated in the call to meeting, which shall be made in accordance with the provisions of law and the Corporate Governance System.</p>	<p>1. The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for by law and the <i>Regulations of the Board of Directors</i>. Meetings shall <u>generally</u> take place <u>in person</u> at the Company's registered office or at the place, in Spain or abroad, indicated in the call to meeting, which shall be made in accordance with the provisions of law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.</p>
	<p>2. <u>If so decided by the chairman of the Board of Directors, a meeting may be called to be held at several connected places or on-line by using remote communication systems that permit the recognition and identification of the attendees, permanent communication among them and participation in discussion and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office. The directors in attendance at any of such</u></p>



	<a href="#"><u>interconnected places shall be deemed for all purposes to have attended the same individual meeting of the Board of Directors.</u></a>
2. Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call to meeting if all of the directors are present in person or by proxy and unanimously agree to hold the meeting and to the items of the agenda to be dealt with thereat.	3. <del>2.</del> Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call to meeting if all of the directors are present in person or by proxy and unanimously agree to hold the meeting and to the items of the agenda to be dealt with thereat.
<b>Article 36. Quorum for the Meeting and Majorities Required to Adopt Resolutions</b>	<b>Article 36. Quorum for the Meeting and Majorities Required to Adopt Resolutions</b>
1. The establishment of a quorum within the Board of Directors and the adoption of resolutions thereby shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.	1. The establishment of a quorum within the Board of Directors and the adoption of resolutions thereby shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.
2. All of the directors may cast their vote and give their proxy in favour of another director, provided, however, that non-executive directors may only do so in favour of another non-executive director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.	2. All of the directors may cast their vote and give their proxy in favour of another director, provided, however, that non-executive directors may only do so in favour of another non-executive director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.
3. The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.	3. The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.
4. Unless higher majorities are provided for by law or the Corporate Governance System, resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting. In the event of a tie, the chairman of the Board of Directors shall have the tie-breaking vote.	4. Unless higher majorities are provided for by law or the <del>Corporate Governance</del> <a href="#"><u>Governance and Sustainability</u></a> System, resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting. In the event of a tie, the chairman of the Board of Directors shall have the tie-breaking vote.
5. The chairman of the Board of Directors may invite to meetings all those persons who may contribute to improving the information provided to the directors.	5. The chairman of the Board of Directors may invite to meetings all those persons who may contribute to improving the information provided to the directors.
	6. <a href="#"><u>The Board of Directors and its committees may adopt resolutions by vote in writing without a meeting.</u></a>



<b>Article 37. Committees of the Board of Directors</b>	<b>Article 37. Committees of the Board of Directors</b>
1. The Board of Directors must have an Audit and Risk Supervision Committee, an Appointments Committee and a Remuneration Committee (or a single Appointments and Remuneration Committee), on a permanent basis.	1. The Board of Directors must have an Audit and Risk Supervision Committee, an Appointments Committee and a Remuneration Committee (or a single Appointments and Remuneration Committee), on a permanent basis.
2. The Board of Directors may also have an executive committee, called the Executive Committee ( <i>Comisión Ejecutiva Delegada</i> ), a consultative committee called the Sustainable Development Committee, and may create any other consultative committees with the powers that the Board of Directors determines, all of a voluntary nature.	2. The Board of Directors may also have an executive committee, called the Executive Committee ( <i>Comisión Ejecutiva Delegada</i> ), a consultative committee called the Sustainable Development Committee, and may create any other consultative committees with the powers that the Board of Directors determines, all of a voluntary nature.
3. The committees shall be governed by the provisions of the Corporate Governance System, including the specific regulations thereof, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors.	3. The committees shall be governed by the provisions of the <del>Corporate Governance</del> <u>Corporate Governance and Sustainability</u> System, including the specific regulations thereof, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors.
<b>Article 38. Executive Committee</b>	<b>Article 38. Executive Committee</b>
1. If created, the Executive Committee shall have all the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to law or the Corporate Governance System.	1. If created, the Executive Committee shall have all the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to law or the <del>Corporate Governance</del> <u>Corporate Governance and Sustainability</u> System.
2. The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments Committee, with a minimum of four and a maximum of eight.	2. The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments Committee, with a minimum of four and a maximum of eight.
3. The appointment of the members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors with such majority.	3. The appointment of the members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors with such majority.



<p>4. The chairman of the Board of Directors and the chief executive officers shall in all cases form part of the Executive Committee.</p>	<p>4. The chairman of the Board of Directors and the chief executive officers shall in all cases form part of the Executive Committee.</p>
<p>5. Meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, if any, or by the lead independent director (<i>consejero coordinador</i>), if a member of the Executive Committee. In the absence of all of the foregoing, they shall be chaired by the director member of the Executive Committee having the longest length of service in office, and in the case of equal length of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, any of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance shall serve as secretary.</p>	<p>5. Meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, if any, or by the lead independent director (<i>consejero coordinador</i>), if a member of the Executive Committee. In the absence of all of the foregoing, they shall be chaired by the director member of the Executive Committee having the longest length of service in office, and in the case of equal length of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, any of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance shall serve as secretary.</p>
<p>6. Resolutions of the Executive Committee shall be adopted by an absolute majority of votes cast in person or by proxy. In the event of a tie, the chair of the Executive Committee shall have the tie-breaking vote.</p>	<p>6. Resolutions of the Executive Committee shall be adopted by an absolute majority of votes cast in person or by proxy. In the event of a tie, the chair of the Executive Committee shall have the tie-breaking vote.</p>
<p><b>Article 39. Audit and Risk Supervision Committee</b></p>	<p><b>Article 39. Audit and Risk Supervision Committee</b></p>
<p>1. The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.</p>	<p>1. The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.</p>
<p>2. The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent.</p>	<p>2. The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent.</p>
<p>3. The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The chair of the Audit and Risk Supervision Committee shall hold office for a maximum period of four years, after which period the chair may not be re-elected until the passage</p>	<p>3. The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The chair of the Audit and Risk Supervision Committee shall hold office for a maximum period of four years, after which period the chair may not be re-elected until the passage</p>



<p>of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.</p>	<p>of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.</p>
<p>4. The Audit and Risk Supervision Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations and in any case those provided by law, except for that of reporting on related-party transactions, which power is assigned to the Appointments Committee.</p>	<p>4. The Audit and Risk Supervision Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations, and in any case those provided by law, except <del>for that of reporting on related-party transactions, which power is assigned to the Appointments Committee</del><u>the power to report to the Board of Directors regarding the content of the statement of non-financial information, which is assigned to the Sustainable Development Committee, without prejudice to any powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof.</u></p>
<p><b>Article 40. Appointments Committee and Remuneration Committee</b></p>	<p><b>Article 40. Appointments Committee and Remuneration Committee</b></p>
<p>1. The Board of Directors shall create a permanent Appointments Committee and a permanent Remuneration Committee (or a single Appointments and Remuneration Committee, in which case reference in these <i>By-Laws</i> to the Appointments Committee and the Remuneration Committee shall be deemed made to the same committee), which shall be internal informational and consultative bodies without executive duties, with information, advisory and proposal-making powers within their respective scopes of action.</p>	<p>1. The Board of Directors shall create a permanent Appointments Committee and a permanent Remuneration Committee (or a single Appointments and Remuneration Committee, in which case reference in these <i>By-Laws</i> to the Appointments Committee and the Remuneration Committee shall be deemed made to the same committee), which shall be internal informational and consultative bodies without executive duties, with information, advisory and proposal-making powers within their respective scopes of action.</p>
<p>2. The Appointments Committee and the Remuneration Committee shall each be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority of their respective members must be classified as independent.</p>	<p>2. The Appointments Committee and the Remuneration Committee shall each be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority of their respective members must be classified as independent.</p>
<p>3. The Board of Directors shall appoint the chairs of both committees from among the independent directors forming part of each of</p>	<p>3. The Board of Directors shall appoint the chairs of both committees from among the independent directors forming part of each of them, as well as their secretaries, who need not be directors.</p>





<p>them, as well as their secretaries, who need not be directors.</p>	
<p>4. The Appointments Committee and the Remuneration Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in their own regulations and in any event those established by law as well as those corresponding to each of them due to the nature thereof.</p> <p>In particular, the Appointments Committee shall have the power to report on related-party transactions.</p>	<p>4. The Appointments Committee and the Remuneration Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in their own regulations and in any event those established by law as well as those corresponding to each of them due to the nature thereof.</p> <p><del>In particular, the Appointments Committee shall have the power to report on related-party transactions.</del></p>
<p><b>Article 41. Sustainable Development Committee</b></p>	<p><b>Article 41. Sustainable Development Committee</b></p>
<p>1. If created, the Sustainable Development Committee shall be deemed an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.</p>	<p>1. If created, the Sustainable Development Committee shall be deemed an internal informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action.</p>
<p>2. The Sustainable Development Committee shall be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority thereof must be classified as independent.</p>	<p>2. The Sustainable Development Committee shall be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors upon a proposal of the Appointments Committee from among the non-executive directors, and the majority thereof must be classified as independent.</p>
<p>3. The Board of Directors shall appoint a chair of the Sustainable Development Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.</p>	<p>3. The Board of Directors shall appoint a chair of the Sustainable Development Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.</p>
<p>4. The Sustainable Development Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations.</p>	<p>4. The Sustainable Development Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations.</p> <p><u>In particular, the Sustainable Development Committee shall have the power to report on the content of the statement of non-financial information, without prejudice to the powers that may be assigned by rules or regulations to the Audit and Risk Supervision Committee in relation to the process of preparation and submission thereof.</u></p>
<p><b>Article 42. Chairman and Vice-Chair or Vice-Chairs</b></p>	<p><b>Article 42. Chairman and Vice-Chair or Vice-Chairs</b></p>
<p>1. The Board of Directors, after a report from the Appointments Committee, shall appoint a chairman from among its members. The Board</p>	<p>1. The Board of Directors, after a report from the Appointments Committee, shall appoint a chairman from among its members. The Board</p>



of Directors may also appoint one or more honorary chairs of the Company.	of Directors may also appoint one or more honorary chairs of the Company.
2. The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having the duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.	2. The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having the duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.
3. The chairman of the Board of Directors undertakes the senior management and representation of the Company, as well as leadership of the Board of Directors.	3. The chairman of the Board of Directors undertakes the senior management and representation of the Company, as well as leadership of the Board of Directors.
4. The chairman of the Board of Directors may exercise the powers conferred upon him by law and the Corporate Governance System, and particularly the following:	4. The chairman of the Board of Directors may exercise the powers conferred upon him by law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System, and particularly the following:
a) To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.	a) To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.
b) To chair the General Shareholders' Meeting and perform thereat the duties assigned thereto by the Corporate Governance System.	b) To chair the General Shareholders' Meeting and perform thereat the duties assigned thereto by the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
c) To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those relating to the operation of the Board of Directors itself and other governance decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair, chief executive officer, secretary and deputy secretary of the Board of Directors and of the committees thereof, without prejudice to the reporting powers belonging to the Appointments Committee.	c) To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those relating to the operation of the Board of Directors itself and other governance decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair, chief executive officer, secretary and deputy secretary of the Board of Directors and of the committees thereof, without prejudice to the reporting powers belonging to the Appointments Committee.
d) To ensure, with the collaboration of the secretary of the Board of Directors, that the directors receive in advance information	d) To ensure, with the collaboration of the secretary of the Board of Directors, that the directors receive in advance information



sufficient to deliberate on the items on the agenda.	sufficient to deliberate on the items on the agenda.
e) To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.	e) To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.
5. The Board of Directors, upon a proposal of its chairman and after a report from the Appointments Committee, may elect from among its members one or more vice-chairs, who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness or incapacity.	5. The Board of Directors, upon a proposal of its chairman and after a report from the Appointments Committee, may elect from among its members one or more vice-chairs, who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness or incapacity.
6. If there is more than one vice-chair of the Board of Directors, the chairman of the Board of Directors shall be replaced by the vice-chair that is expressly appointed by the Board of Directors for such purpose; in default of the foregoing, by the vice-chair having the longest length of service in office; in case of equal length of service, by the oldest. If a vice-chair has not been appointed, the chairman shall be replaced by the lead independent director; in the absence thereof, by the director with the longest length of service in office, and in case of equal length, by the oldest.	6. If there is more than one vice-chair of the Board of Directors, the chairman of the Board of Directors shall be replaced by the vice-chair that is expressly appointed by the Board of Directors for such purpose; in default of the foregoing, by the vice-chair having the longest length of service in office; in case of equal length of service, by the oldest. If a vice-chair has not been appointed, the chairman shall be replaced by the lead independent director; in the absence thereof, by the director with the longest length of service in office, and in case of equal length, by the oldest.
7. If the chairman must be replaced on a definitive basis due to removal, notice of resignation, disability or death, the preceding sections shall apply and the vice-chair or director appointed as a provisional replacement shall lead the process for electing a new chairman, in accordance with the succession plan approved by the Board of Directors.	7. If the chairman must be replaced on a definitive basis due to removal, notice of resignation, disability or death, the preceding sections shall apply and the vice-chair or director appointed as a provisional replacement shall lead the process for electing a new chairman, in accordance with the succession plan approved by the Board of Directors.
8. The same procedure shall be followed to decide the removal of a vice-chair.	8. The same procedure shall be followed to decide the removal of a vice-chair.
<b>Article 43. Chief Executive Officer</b>	<b>Article 43. Chief Executive Officer</b>
1. The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments Committee and with the favourable vote of at least two-thirds of the directors, may appoint one or more chief executive officers ( <i>consejeros delegados</i> ) with the powers it deems appropriate and which may be delegated pursuant to law and the Corporate Governance System.	1. The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments Committee and with the favourable vote of at least two-thirds of the directors, may appoint one or more chief executive officers ( <i>consejeros delegados</i> ) with the powers it deems appropriate and which may be delegated pursuant to law and the <b>Corporate</b>



	<del>Governance</del> <u>Governance and Sustainability</u> System.
2. In the event of vacancy, absence, illness or incapacity of all of the chief executive officers, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more new chief executive officers.	2. In the event of vacancy, absence, illness or incapacity of all of the chief executive officers, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more new chief executive officers.
<b>Article 44. Secretary and Deputy Secretary or Deputy Secretaries of the Board of Directors</b>	<b>Article 44. Secretary and Deputy Secretary or Deputy Secretaries of the Board of Directors</b>
1. The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments Committee, shall appoint a secretary, who need not be a director, and, if appropriate, one or more deputy secretaries, who also need not be directors, and who shall replace the secretary in the event of vacancy, absence, illness or incapacity. The same procedure shall be followed to decide the removal of the secretary and, if applicable, each deputy secretary.	1. The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments Committee, shall appoint a secretary, who need not be a director, and, if appropriate, one or more deputy secretaries, who also need not be directors, and who shall replace the secretary in the event of vacancy, absence, illness or incapacity. The same procedure shall be followed to decide the removal of the secretary and, if applicable, each deputy secretary.
2. If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.	2. If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.
3. The secretary of the Board of Directors shall perform the duties assigned thereto by law and the Corporate Governance System.	3. The secretary of the Board of Directors shall perform the duties assigned thereto by law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
4. The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the Corporate Governance System.	4. The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the <del>Corporate</del>



	<del>Governance</del> <u>Governance and Sustainability</u> System.
<b>Article 45. Checks and Balances System: Lead Independent Director</b>	<b>Article 45. Checks and Balances System: Lead Independent Director</b>
1. The Corporate Governance System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors nor the Executive Committee nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.	1. The <del>Corporate</del> <u>Governance and Sustainability</u> System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors nor the Executive Committee nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.
2. The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.	2. The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.
3. The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.	3. The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.
4. If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a lead independent director ( <i>consejero coordinador</i> ), who shall be specially empowered, when the lead independent director deems it appropriate, to:	4. If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a lead independent director ( <i>consejero coordinador</i> ), who shall be specially empowered, when the lead independent director deems it appropriate, to:
a) Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.	a) Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.
b) Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.	b) Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.
c) Coordinate, gather and reflect the concerns of the non-executive directors.	c) Coordinate, gather and reflect the concerns of the non-executive directors.
d) Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.	d) Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.



<p>5. The lead independent director may also maintain contacts with shareholders when so decided by the Board of Directors.</p>	<p>5. The lead independent director may also maintain contacts with shareholders when so decided by the Board of Directors.</p>
<p><b>Article 46. General Duties of Directors</b></p>	<p><b>Article 46. General Duties of Directors</b></p>
<p>1. The directors must carry out their office and comply with the duties imposed by law and the Corporate Governance System with the diligence of a prudent businessperson, taking into account the nature of the office and the duties assigned to each of them. The directors must also carry out their office with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company.</p>	<p>1. The directors must carry out their office and comply with the duties imposed by law and the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System with the diligence of a prudent businessperson, taking into account the nature of the office and the duties assigned to each of them. The directors must also carry out their office with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company.</p>
<p>2. The <i>Regulations of the Board of Directors</i> shall elaborate upon the specific obligations of directors stemming from the duties established by law, and particularly those of confidentiality, non-competition and loyalty, with special focus on conflict of interest situations.</p>	<p>2. The <i>Regulations of the Board of Directors</i> shall elaborate upon the specific obligations of directors stemming from the duties established by law, and particularly those of confidentiality, non-competition and loyalty, with special focus on conflict of interest situations.</p>
<p>3. The Company may obtain an insurance policy that covers the civil liability of the directors in the performance of their duties.</p>	<p>3. The Company may obtain an insurance policy that covers the civil liability of the directors in the performance of their duties.</p>
<p><b>Article 47. Term of Office</b></p>	<p><b>Article 47. Term of Office</b></p>
<p>1. Directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders' Meeting do not resolve to remove them and they do not resign from their position.</p>	<p>1. Directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders' Meeting do not resolve to remove them and they do not resign from their position.</p>
<p>2. Directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of disqualification, lack of competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the Corporate Governance System.</p>	<p>2. Directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of disqualification, lack of competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.</p>
<p>3. Directors may be re-elected to one or more terms of four years.</p>	<p>3. Directors may be re-elected to one or more terms of four years.</p>
<p><b>Article 49. Powers of Information and Inspection</b></p>	<p><b>Article 49. Powers of Information and Inspection</b></p>
<p>1. A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents and other background information on</p>	<p>1. A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents and other background information on</p>



corporate transactions, to inspect all of its facilities and to communicate with the members of senior management of the Company.	corporate transactions, to inspect all of its facilities and to communicate with the members of senior management of the Company.
2. The exercise of the aforementioned powers shall be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Corporate Governance System.	2. The exercise of the aforementioned powers shall be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the <del>Corporate Governance</del> <u>Governance and Sustainability</u> System.
<b>TITLE V. ANNUAL FINANCIAL STATEMENTS, DISSOLUTION, AND LIQUIDATION</b>	<del>TITLE V. ANNUAL FINANCIAL STATEMENTS, DISSOLUTION AND LIQUIDATION</del> <u>FINANCIAL YEAR AND ANNUAL FINANCIAL AND NON-FINANCIAL INFORMATION</u>
<b>Chapter I. Annual Financial Statements</b>	<del>Chapter I. Annual Financial Statements</del> <u>Financial Year</u>
<b>Article 53. Financial Year and Preparation of Annual Financial Statements</b>	<del>Article 53. Financial Year and Preparation of Annual Financial Statements</del>
1. The financial year shall commence on 1 January of each year and shall end on 31 December of each year.	<del>1.</del> The financial year shall commence on 1 January of each year and shall end on 31 December of each year.
	<u>Chapter II. Annual Financial Information</u>
	<u>Article 54. Preparation</u>
2. Within the first three months of the year, the Board of Directors shall prepare the annual financial statements, the directors' report and the proposed allocation of profits or losses, and the consolidated annual financial statements and directors' report for the previous financial year.	Within the first three months of the year, the Board of Directors shall prepare the annual financial statements, the directors' report and the proposed allocation of profits or losses, and the consolidated annual financial statements and directors' report for the previous financial year.
	<del>Article 54</del> <u>55. Verification</u>
	<u>1. The separate and consolidated annual financial statements and the directors' reports must be audited by an external auditor, the appointment or re-election of which shall be submitted by the Board of Directors, upon a proposal of the Audit and Risk Supervision Committee, for the approval of the shareholders at the General Shareholders' Meeting.</u>
	<u>2. The external auditor must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System.</u>
<b>Article 54. Approval of Financial Statements and Allocation of Profits/Losses</b>	<del>Article 56. Approval of Financial Statements and Allocation of Profits/Losses</del>



<p>1. The annual financial statements of the Company and the consolidated annual financial statements shall be submitted to the shareholders for approval at the General Shareholders' Meeting.</p>	<p><del>1.—The annual financial statements of the Company and the consolidated annual financial statements shall be submitted for approval at the General Shareholders' Meeting.</del></p>
	<p><u>The separate and consolidated annual financial statements and directors' reports shall be submitted for the approval of the shareholders at the General Shareholders' Meeting by a simple majority of votes, in accordance with the provisions of Article 29 of these By-Laws.</u></p>
	<p><b><u>Article 57. Allocation of Profits/Losses</u></b></p>
<p>2. The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved annual financial statements.</p>	<p>1. <del>2.—</del>The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved annual financial statements.</p>
<p>3. If the shareholders resolve to distribute a dividend, they shall decide the time and form of payment thereof. The establishment of these standards and of any others that may be required or appropriate to carry out the resolution may be delegated to the Board of Directors.</p>	<p>2. <del>3.—</del>If the shareholders resolve to distribute a dividend, they shall decide the time and form of payment thereof. The establishment of these standards and of any others that may be required or appropriate to carry out the resolution may be delegated to the Board of Directors.</p>
<p>4. The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.</p>	<p>3. <del>4.—</del>The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.</p>
<p>5. The distribution of a dividend to the shareholders shall be made in proportion to their paid-up share capital.</p>	<p>4. <del>5.—</del>The distribution of a dividend to the shareholders shall be made in proportion to their paid-up share capital.</p>
	<p><b><u>Chapter III.—Dissolution and Liquidation of the Annual Non-Financial Information</u></b></p>
	<p><b><u>Article 58. Preparation</u></b></p>
	<p><u>The Board of Directors shall prepare the statement of non-financial information for the preceding financial year, within the period and in accordance with the provisions of applicable law and the Governance and</u></p>





	<a href="#"><u>Sustainability System, presenting a clear and accurate statement of the Company's social, environmental and sustainability performance, as well as of the social dividend generated and shared with its Stakeholders. In particular, said statement of non-financial information shall also report on the level of achievement and any updates of the climate action plan approved by the Board of Directors.</u></a>
	<b>Article <del>55</del><sup>59</sup>. Grounds for Dissolution</b> <a href="#"><u>Verification</u></a>
	<a href="#"><u>1. The statement of non-financial information must be reviewed by an external provider of assurance services appointed by the Board of Directors upon a proposal of the Audit and Risk Supervision Committee.</u></a>
	<a href="#"><u>2. The provider of said service must comply with the professional and independence requirements of applicable law and those set out in the Governance and Sustainability System.</u></a>
	<b>Article 60. Approval</b>
	<a href="#"><u>The statement of non-financial information shall be submitted for the approval of the shareholders at the General Shareholders' Meeting by a simple majority of votes, in accordance with the provisions of Article 29 of these By-Laws.</u></a>
<b>Chapter II. Dissolution and Liquidation of the Company</b>	<b>TITLE VI. DISSOLUTION AND LIQUIDATION</b>
<b>Article 55. Grounds for Dissolution</b>	<b>Article 61. Dissolution</b>
The Company shall be dissolved upon the occurrence of any of the events established by law.	The Company shall be dissolved upon the occurrence of any of the grounds established by law, <a href="#"><u>which must be ascertained and assessed in accordance with the provisions of the Governance and Sustainability System, which shall also supplement the provisions of applicable law on this issue.</u></a>
<b>Article 56. Liquidation of the Company</b>	<b>Article <del>56</del><sup>62</sup>. Liquidation</b> <del> of the Company</del>
	<a href="#"><u>1. The Company shall be governed by applicable legal provisions and the provisions of the Governance and Sustainability System during the liquidation period and until its termination.</u></a>
1. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which shall be composed of an odd number	<a href="#"><u>2. <del>4</del> From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which shall be composed of an</u></a>



<p>of members. If necessary for such purpose, the director having the least length of service since appointment or, in case of equal length, the director who is younger, shall cease to hold office.</p>	<p>odd number of members. If necessary for such purpose, the director having the least length of service since appointment or, in case of equal length, the director who is younger, shall cease to hold office.</p>
<p>2. During the liquidation period, the provisions of these <i>By-Laws</i> governing the call to and holding of General Shareholders' Meetings shall be complied with, and the shareholders shall be informed of the progress of the liquidation, so that the shareholders may adopt such resolutions as they deem appropriate.</p>	<p><del>3. 2. During the liquidation period, the</del> <u>The</u> provisions of these <i>By-Laws</i> governing the call to and holding of General Shareholders' Meetings shall be complied with, <u>during the liquidation,</u> <del>and the shareholders shall be informed of the progress of the liquidation, so that the shareholders may adopt such resolutions as they deem appropriate.</del></p>
<p>3. All liquidating operations shall be carried out with due observance of the provisions of law.</p>	<p><del>3. — All liquidating operations shall be carried out with due observance of the provisions of law.</del></p>
	<p><u>4. The corporate decision-making bodies, within the scope of their respective powers, shall adopt such resolutions and make such decisions as are appropriate to finalise the liquidation, seeking the common interest of the shareholders, observing and complying with the Purpose and Values of the Iberdrola group and its Code of Ethics, as well as the legitimate rights of all of its Stakeholders.</u></p>