



GENERAL SHAREHOLDERS' MEETING

28 April 2023

SUSTAINABLE
EVENT



Report of the Board of Directors
Proposed amendments of the *By-Laws*



REPORT PREPARED BY THE BOARD OF DIRECTORS OF “IBERDROLA, S.A.” REGARDING THE PROPOSED AMENDMENTS OF THE *BY-LAWS* INCLUDED IN ITEMS 5, 6 AND 7 ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING

1. Object of the report

This report has been prepared by the Board of Directors of “Iberdrola, S.A.” (the “**Company**”) in order to provide a rationale for the proposed amendments of the *By-Laws* included in items 5, 6 and 7 on the agenda.

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 each of the aforementioned proposed amendments of the *By-Laws*, on the one hand, and including the text that said body proposes to the shareholders at the General Shareholders' Meeting, on the other.

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 in force, which is contained in the left-hand column.

2. Purpose of and rationale for the proposals

The amendment of the *By-Laws* being submitted for the approval of the shareholders at the General Shareholders' Meeting under items 5, 6 and 7 of the agenda has the following main purposes:

- a) to conform the content of the Preamble and the heading of the Preliminary Title to the current business and the governance and compliance context and to make adjustments of a formal nature.
- b) to accommodate the functions of different corporate levels within the structure of the Iberdrola group, for which purpose it is proposed to amend Articles 4 and 32; and
- c) to update the references in Article 8 to internal regulations and to the Compliance System.

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

2.1 Amendment of the Preamble to and of the heading of the Preliminary Title of the *By-Laws* in order to conform the text thereof to the current business and the governance and compliance context and to make adjustments of a formal nature

The Company is an independent, listed holding company of an international industrial group (the “**Group**”), which is aware of its visibility as an enterprise and an institutional reality, and which plays a role in the economic and social environment in which it does business, showing its strong commitment to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN) and the most demanding environmental, social commitment and corporate governance (ESG) requirements.



This role has led the Company on the one hand to geographically diversify its businesses in order to efficiently manage risks, based on a corporate and governance structure that favours, through different corporate levels, an agile and rapid decision-making process for day-to-day administration and effective management while achieving appropriate coordination of activities at the Group level, and on the other hand to form and implement a strong and robust Compliance System, which ensures conduct in accordance with generally accepted ethical and social responsibility principles and applicable law and prevents improper conduct or acts contrary to the law or the Governance and Sustainability System that might be committed by its professionals within the organisation, as well as by other persons who have dealings with the Company.

This Compliance System, provided for in Article 8 of the *By-Laws*, keeps the Company at the forefront in this field, as a result of its firm commitment to ethical principles and a process of continuous review incorporate the most advanced international practices and trends as well as regulatory requirements. It is also evidence of a strong and comprehensive compliance culture that meets domestic and international standards commonly recognised as markers of excellence in this area.

Within this context, the Board of Directors proposes to the shareholders at the General Shareholders' Meeting that the content of the Preamble to the *By-Laws* be updated in order to: (i) reflect that the Company and the other companies of the Group are organised at different corporate levels and that their businesses are highly diversified geographically as a fundamental lever for risk management; (ii) state that the *Purpose and Values of the Iberdrola Group* meet the most demanding standards in the area of regulatory compliance, in addition to environmental protection and climate action, social commitment and good governance; and (iii) emphasise the recognition in the *By-Laws* of the Company's well-developed Compliance System, which is integrated within the Governance and Sustainability System and is aimed at preventing and managing the risk of violating legal provisions, ethical standards and the Governance and Sustainability System itself.

The amendment also provides for modifying the Preamble to make adjustments of a formal nature and to contextualise the scope of references to the Group, as a group of companies comprising the Company and the companies in which it has an interest, which operate autonomously through their own governance bodies.

Finally, in line with the above, it is proposed to change the name of the heading of the Preliminary Title of the *By-Laws* to *PRELIMINARY TITLE. "IBERDROLA, S.A." AND THE IBERDROLA GROUP*.

2.2 Amendment of Articles 4 and 32 of the *By-Laws* to accommodate the functions of different corporate levels within the structure of the Group

"Iberdrola, S.A." is the controlling entity of the Group, which is made up of country subholding companies and head of business companies, as well as the subsidiaries thereof and of the Company itself.

The Group's corporate structure comprises "Iberdrola, S.A.", which is configured as a listed holding entity, the main function of which is to act as the owner of the equity interests of the



country subholding companies, which in turn group together the equity stakes in the head of business companies.

Based on the corporate structure described above, the Group's governance structure is governed by principles that differentiate the duties of strategic definition and supervision, on the one hand, from those of day-to-day management and effective administration, on the other.

Within the framework of this governance structure of the Group as described in the *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation*, which was approved by the Company's Board of Directors and included in its Governance and Sustainability System, it is proposed to make technical improvements to Articles 4 and 32 of the *By-Laws* in order to adjust the functions generally attributed to the three levels of the Group's corporate organisation.

In the amendment of Article 4, it is proposed to conform the duties assigned to the Company to those that it currently effectively performs, i.e. the establishment and the supervision, without reference to the implementation, of the policies and of the strategies covering the Group. As regards the duties of the country subholding companies, there is included a mention of supervision, together with those of organisation and coordination, expressly stating that all of them are of a strategic nature and that they are carried out in relation to the territories, countries or businesses decided by the Board of Directors. Finally, there is a simplification of the text regarding the duties of the head of business companies. All of the foregoing is in line with the provisions of the *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation*.

In this regard, the proposed amendment of Article 32, in addition to formal adjustments, includes a reference to the strategic nature of the duty assigned to the Board of Directors regarding the determination of general guidelines to be followed at the Group level. It is also noted that the Board of Directors (through the country subholding companies and in relation to their respective territories, countries or businesses), oversees the overall development of policies, strategies and guidelines covering the Group by the country subholding companies.

Finally, the Board of Directors also proposes to contextualise the scope of the references to the Group in these Articles 4 and 32 upon the terms set forth in Section 2.1 above.

2.3 Amendment of Article 8 of the *By-Laws* to update references to internal regulations and to the Compliance System

The Company's Governance and Sustainability System constitutes its internal organisation, which is formally organised into five books: (i) book one, which contains the *By-Laws*; (ii) book two, regarding its purpose, which includes the *Purpose and Values of the Iberdrola Group*, the *Code of Ethics*, the *General Sustainable Development Policy*, and the *Stakeholder Engagement Policy*; (iii) book three, on the environment and climate action, which groups together the environmental policies; (iv) book four, on social commitment, which includes social policies; and (v) book five, on corporate governance, which includes corporate governance and regulatory compliance policies, risk policies, governance rules of the corporate decision-making bodies and of other internal functions and committees, and market abuse prevention rules.



These internal rules go beyond the Company and cover the other companies of the Group, to the extent that the country subholding companies and head of business companies formally adopt the Company's policies applicable thereto as their own (or approve their corresponding policies with content that is consistent with the Company's policies), and which then become part of their respective Governance and Sustainability Systems. This ensures the consistency of the internal rules and regulations of the group of companies making up the Group, while respecting the autonomy of the management bodies, and particularly the special framework of enhanced autonomy of the listed country subholding companies.

In line with the foregoing, it is proposed to include in section 2 of Article 8 of the *By-Laws*, together with the recognition of the Company's internal rules and regulations, that the country subholding companies and the head of business companies, within the framework of the performance of their duties and the exercise of their powers, have approved their own Governance and Sustainability System, which constitutes their internal rules and regulations and is consistent with those of the Company.

In addition, based on this structuring of the Company's Governance and Sustainability System, the amendment provides for an update of the *By-Laws* in section 3 of Article 8 (which provides that the Governance and Sustainability System is made up of the *By-Laws*, the *Purpose and Values of the Iberdrola Group*, the *Code of Ethics*, corporate policies and governance and compliance rules) to make express mention of the market abuse prevention rules and to make adjustments to the text in this section and in section 4.

Furthermore, in connection with the aforementioned corporate structure of the Group and the proposed amendment of the Preamble described in section 2.1, in order to establish the Compliance System within the *By-Laws*, it is proposed that section 8 of Article 8 of the *By-Laws*, which defines the aforementioned Compliance System of the Company, include that the country subholding companies and the head of business companies have their own compliance function, which has full responsibility for managing their respective Compliance Systems.

Finally, in section 9 of the aforementioned article, in line with the provisions of the *Regulations of the Compliance Unit*, the amendment will emphasise the independence and transparency of the Compliance Unit, which is the body responsible for proactively endeavouring to ensure the effective application of the Compliance System and which is linked to the Sustainable Development Committee of the Board of Directors.

3. 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 5 ON THE AGENDA

Amendment of the Preamble to and of the heading of the Preliminary Title of the By-Laws in order to conform the text thereof to the current business and the governance and compliance context and to make adjustments of a formal nature

RESOLUTION

To amend the Preamble to and the heading of the Preliminary Title of the By-Laws in order to conform the text thereof to the current business and the governance and compliance context and to make adjustments of a formal nature. Said Preamble and heading of the Preliminary Title 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 and publicly listed entity, the holding company of an international industrial group, with broad geographic diversification of its businesses as a fundamental lever of risk management, and which, based on its multi-level corporate structure, combines a decentralised decision-making system, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the companies within the Iberdrola 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 a company focused on a clear "purpose" and certain clear "values" that make up its corporate philosophy and the ideological and axiological bases on which its corporate enterprise is based.

In accordance therewith, the Company is defined by its By-Laws as an all-encompassing 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 (UN) and the most demanding environmental, social commitment and corporate governance (ESG) requirements, and in essence affirms itself to be a company and institutional reality, a player in the economic and social environment in which it does business.

*The By-Laws also constitute the foundation on which the Company's Governance and Sustainability System is built and based, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its *raison d'être* and way of being, the*



construction of its identity, the achievement and implementation of the Purpose and Values of the Iberdrola Group, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the social dividend that it shares with all of its Stakeholders.

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

Similarly, the By-Laws establish a well-developed Compliance System, which, integrated within the overall governance and sustainability system, is intended to prevent and manage the risk of regulatory or ethical violations or violations of the Governance and Sustainability System.

The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Shareholders' 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 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 of the Company and the other provisions of the Company's Governance and Sustainability System bind its shareholders, the members of its Board of Directors and of senior management, as well as the other professionals of the Company and of the other companies of the Iberdrola group, and generally any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith."

"PRELIMINARY TITLE. "IBERDROLA, S.A." AND THE IBERDROLA GROUP"

ITEM 6 ON THE AGENDA

Amendment of Articles 4 and 32 of the By-Laws to accommodate the functions of different corporate levels within the structure of the Iberdrola group

RESOLUTION

To amend Articles 4 and 32 of the By-Laws to accommodate the functions of different corporate levels within the structure of the Iberdrola group. Said Articles 4 and 32 shall hereafter read as follows:

"Article 4. The Iberdrola group

1. *The corporate and governance structure of the Iberdrola group is defined based on the following:*
 - a) *The Company, which is a listed holding company, is the controlling entity of a multinational group of companies (the "Group"), and has duties relating to the establishment and supervision of the policies and strategies covering the Group, the basic guidelines for the management thereof, and decisions on matters of strategic importance at the Group level, as well as the design of its Governance and Sustainability System.*



- b) *Country subholding companies group together the equity stakes in the Group's head of business companies and strengthen the function of strategic supervision, organisation and coordination and further develop them in relation to such countries or businesses as are decided by the Company's Board of Directors, disseminating, implementing and ensuring compliance with policies, strategies and general guidelines at the Group level based on the characteristics and unique aspects of their respective territories, countries and 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 the businesses, and of the day-to-day control thereof, without prejudice to observing the corporate autonomy of the subsidiaries thereof in accordance with law.*

- 2. *All companies of the Group share a common corporate interest as well as the same purpose, corporate values and ethical principles."*

"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 strategic definition and supervision of the general guidelines to be followed at the Group level, attending to the following matters, among others:*
 - a) *Establish, within legal limits, the policies, strategies and guidelines covering the Group, entrusting to the decision-making bodies and the management of the head of business companies of the Group the duties of effective administration and day-to-day management of the businesses.*
 - b) *Through the country subholding companies, supervise the general development of the aforementioned policies, strategies and guidelines by the head of business companies in relation to their respective territories, countries or businesses, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the other companies within 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 management guidelines covering the Group, 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 other companies of 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 7 ON THE AGENDA

Amendment of Article 8 of the By-Laws to update references to internal regulations and to the Compliance System

RESOLUTION

To amend Article 8 of the By-Laws to update references to internal regulations and to the Compliance System. Said Article 8 shall hereafter read as follows:

“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.*

For their part, the country subholding companies and head of business companies have their own Governance and Sustainability System, approved within the framework of the performance of their responsibilities and in the exercise of their powers. This System constitutes its internal order and is consistent with that of the Company.

3. *The aforementioned Governance and Sustainability System is made up of these By-Laws, the Purpose and Values of the Iberdrola Group, the Code of Ethics, corporate policies, and the other governance, compliance and market abuse prevention rules.*
4. *The Purpose and Values of the Iberdrola Group synthesises 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 environmental, social and economic environment in which the entities of the Group do business.*



5. *The Purpose and Values of the Iberdrola Group also inspires and takes form in the 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. *Within the framework of the Governance and Sustainability System, 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.*

The country subholding companies and head of business companies also have their own compliance function, which has full responsibility for managing their respective compliance systems.

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 with the highest standards of independence and transparency that is linked to the Sustainable Development Committee of the Board of Directors.”*

In Bilbao, on 14 March 2023



ANNEX

Current text of the By-Laws	Proposed amendments
PREAMBLE	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.	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.	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.	Along these lines, the preliminary title <u>Preliminary Title</u> hereof first defines the fundamental pillars of the Company as an independent and publicly listed of an open nature entity, the holding company of an international industrial group, <u>with broad geographic diversification of its business as a fundamental lever of risk management, that and which, based on its multi-level corporate structure</u> , combines a decentralised decision-making structure <u>system</u> , inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the Company's <u>companies within the Iberdrola group</u> , 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 " <i>purpose</i> " and certain clear " <i>values</i> " that make up its corporate philosophy and its ideological and axiological bases on which its corporate enterprise is based; thus they portray an all-encompassing 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	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 a company focused on a clear " <i>purpose</i> " and certain clear " <i>values</i> " that make up its corporate philosophy and its the ideological and axiological bases on which its corporate enterprise is based. ; thus they portray an integral company, which transcends its nature <u>In accordance therewith, the Company is defined by its By-Laws</u> as an all-encompassing company, which transcends its nature



Current text of the By-Laws	Proposed amendments
<p>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.</p>	<p>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 (UN) and the most demanding environmental, social commitment and goodcorporate governance (ESG) requirements, and ultimately distinguish it asin essence affirms itself to be a company and institutional reality, a player in the economic and social environment in which it does business.</p>
<p>In the case of the Company, the <i>By-Laws</i> thereof define and ultimately constitute the foundation on which is built and based the Governance and Sustainability System, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its <i>raison d'être</i> and <i>way of being</i>, the construction of its identity, the achievement and implementation of the <i>Purpose and Values of the Iberdrola group</i>, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the <i>social dividend</i> that it shares with all of its Stakeholders.</p>	<p>In the case of the Company, theThe <i>By-Laws</i> thereof define and ultimately alsoalso constitute the foundation on which the Company's Governance and Sustainability System is built and based the Governance and Sustainability System, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its <i>raison d'être</i> and <i>way of being</i>, the construction of its identity, the achievement and implementation of the <i>Purpose and Values of the Iberdrola group</i>Group, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the <i>social dividend</i> that it shares with all of its Stakeholders.</p>
<p>In turn, the <i>Purpose and Values of the Iberdrola group</i> meet the most demanding standards in the areas of environmental protection and climate action, social commitment, and corporate governance, within the general framework of respect for and protection of human rights, the social market economy, and the ethical principles generally accepted in its sphere of activity.</p>	<p>In turn, the <i>Purpose and Values of the Iberdrola group</i>Group meet the most demanding standards in the areas of environmental protection and climate action, social commitment, andand regulatory compliance, within the general framework of respect for and protection of human rights, the social market economy, and the ethical principles generally accepted in its sphere of activity.</p>
	<p>Similarly, the By-Laws establish a well-developed Compliance System, which, integrated within the overall governance and sustainability system, is intended to prevent and manage the risk of regulatory or ethical violations or violations of the Governance and Sustainability System itself.</p>
<p>The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the <i>Purpose and Values of the Iberdrola group</i>, ensures</p>	<p>The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Shareholders' Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the <i>Purpose and Values of the Iberdrola</i></p>



Current text of the By-Laws	Proposed amendments
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.	group <u>Group</u> , 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.	To the extent applicable thereto, the By-Laws <u>of the Company</u> 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 <u>as well as</u> the other professionals of the Company and its <u>of the other companies of the Iberdrola group</u> , as well as <u>and</u> generally, any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith.
PRELIMINARY TITLE. IBERDROLA, S.A. AND ITS GROUP	PRELIMINARY TITLE. <u>"IBERDROLA, S.A."</u> AND ITS <u>THE IBERDROLA</u> GROUP
Article 4. The Iberdrola group	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").	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:	1. 2. The corporate and governance structure of the Group <u>of the Iberdrola Group</u> 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.	a) The Company, <u>which is a listed holding company, is the controlling entity of a multinational group of companies (the "Group")</u> <u>and</u> has duties relating to the establishment, <u>and</u> supervision and implementation of the policies and strategies of covering 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 <u>its</u> 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	b) Country subholding companies group together the equity stakes in the Group's head of business companies and carry out <u>strengthen</u> the function of <u>strategic supervision</u> , 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,



Current text of the By-Laws	Proposed amendments
<p>general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.</p> <p>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.</p>	<p>strategies and general guidelines of<u>at</u> the Group <u>level</u> based on the characteristics and unique aspects of their respective <u>territories</u>, countries and /or businesses.</p> <p>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.</p>
<p>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.</p>	<p>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<u>thereof</u> in accordance with law.</p>
<p>3. All companies of the Group share the same corporate interest as well as the same purpose, corporate values and ethical principles.</p>	<p>2. 3.All companies of the Group share the same<u>a common</u> corporate interest as well as the same purpose, corporate values and ethical principles.</p>
<p>Article 8. Applicable Legal Provisions, Governance and Sustainability System and Compliance System</p>	<p>Article 8. Applicable Legal Provisions, Governance and Sustainability System and Compliance System</p>
<p>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.</p>	<p>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.</p>
<p>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.</p>	<p>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.</p> <p><u>For their part, the country subholding and head of business companies have their own Governance and Sustainability System, approved within the framework of the performance of their</u></p>



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	<u>responsibilities and in the exercise of their powers. This System constitutes its internal order and is consistent with that of the Company.</u>
3. The Company's Governance and Sustainability 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.	3. The <u>aforementioned</u> Company's Governance and Sustainability System is made up of these <i>By-Laws</i> , the <i>Purpose and Values of the Iberdrola group</i> Group , the <i>Code of Ethics</i> , the corporate policies, and <u>the</u> other governance, and <u>compliance and market abuse prevention</u> 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> Group <u>synthesises</u> 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 <u>environmental, social and</u> economic and social environment in which its component <u>the</u> entities <u>of the Group</u> 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 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.	5. The <i>Purpose and Values of the Iberdrola group</i> Group <u>Group</u> 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.	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.	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 <i>Purpose and Values of the Iberdrola group</i> and the corporate interest.	8. The <u>Within the framework of the Governance and Compliance System, the</u> 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 <i>Purpose and</i>



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	<p>Values of the Iberdrola group<u>Group</u> and the corporate interest.</p> <p><u>The country subholding and head of business companies also have their own compliance function, which has full responsibility for managing their respective compliance systems.</u></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.	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 <u>with the highest standards of independence and transparency that is</u> linked to the Sustainable Development Committee of the Board of Directors.
TITLE III. MANAGEMENT OF THE COMPANY	TITLE III. MANAGEMENT OF THE COMPANY
Chapter II. Board of Directors	Chapter II. Board of Directors
Article 32. Powers of the Board of Directors	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.	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:	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 <u>strategic</u> definition and supervision of the general guidelines to be followed by the Company and <u>at</u> the Group <u>level</u> , 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.	a) Establish, within legal limits, the policies, strategies and guidelines of <u>covering</u> 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 <u>effective</u> administration and effective <u>day-to-day</u> management of each of the businesses..
b) Supervise the general development of the aforementioned policies, strategies and	b) <u>Through the country subholding companies, supervise</u> Supervise the general development



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<p>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.</p>	<p>of the aforementioned policies, strategies and guidelines by the country subholding companies and by the head of business companies of the Group <u>in relation to their respective territories, countries or businesses</u>, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the <u>other</u> companies belonging to<u>within</u> the Group.</p>
<p>c) Decide on matters of strategic importance at the Group level.</p>	<p>c) Decide on matters of strategic importance at the Group level.</p>
<p>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.</p>	<p>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 <u>covering the Group</u>, acting in furtherance of the interests of each and every one of the companies belonging thereto.</p>
<p>4. The Board of Directors shall design, evaluate and continuously review the Governance and Sustainability System, 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 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.</p> <p>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.</p>	<p>4. The Board of Directors shall design, evaluate and continuously review the Governance and Sustainability System, shall approve the <i>Purpose and Values of the Iberdrola</i> group<u>Group</u> 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 <u>other companies of the</u> Group</p> <p>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.</p>
<p>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.</p>	<p>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.</p>