

By-Laws



30 January 2024

PREAMBLE	3
PRELIMINARY TITLE. “IBERDROLA, S.A.” AND THE IBERDROLA GROUP	3
Article 1. Company Name	3
Article 2. Registered Office	3
Article 3. Duration	3
Article 4. The Iberdrola group	3
Article 5. Object of the Company	4
Article 6. Corporate Interest	4
Article 7. Social Dividend	4
Article 8. Applicable Legal Provisions, Governance and Sustainability System and Compliance System	4
Article 9. Stakeholder Engagement, Corporate Websites and Presence on Social Media	5
TITLE I. SHARE CAPITAL AND SHAREHOLDERS	5
Chapter I. Share Capital and Shares	5
Article 10. Share Capital	5
Article 11. Shares	5
Chapter II. Shareholders	6
Article 12. Shareholder Status	6
Article 13. Shareholder Engagement	6
Article 14. Shareholders and the Governance and Sustainability System	6
TITLE II. GENERAL SHAREHOLDERS’ MEETING	6
Article 15. General Shareholders’ Meeting	6
Article 16. Shareholder Participation	6
Article 17. Powers of the Shareholders Acting at a General Shareholders’ Meeting	6
Article 18. Call to and Methods of Holding a General Shareholders’ Meeting	7
Article 19. Shareholders’ Right to Receive Information	7
Article 20. Place of the Meeting	8
Article 21. Establishment of a Quorum for the General Shareholders’ Meeting	8
Article 22. Right to Attend	8
Article 23. Right to Proxy Representation	8
Article 24. Presiding Committee, Chair of and Secretary for the General Shareholders’ Meeting	9
Article 25. List of Attendees	9
Article 26. Deliberations and Voting	9
Article 27. Absentee Voting	9
Article 28. Conflicts of Interest	10
Article 29. Approval of Resolutions	10

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TITLE III. MANAGEMENT OF THE COMPANY	11
Chapter I. General Provisions	11
Article 30. Management and Representation of the Company	11
Chapter II. Board of Directors	11
Article 31. Regulation of the Board of Directors	11
Article 32. Powers of the Board of Directors	11
Article 33. Composition of the Board of Directors and Appointment of Directors	11
Article 34. Types of Directors	12
Article 35. Meetings of the Board of Directors	12
Article 36. Quorum for the Meeting and Majorities Required to Adopt Resolutions	13
Chapter III. Committees and Positions within the Board of Directors	13
Article 37. Committees of the Board of Directors	13
Article 38. Executive Committee	13
Article 39. Audit and Risk Supervision Committee	13
Article 40. Appointments Committee and Remuneration Committee	14
Article 41. Sustainable Development Committee	14
Article 42. Chairman and Vice-Chair or Vice-Chairs	14
Article 43. Chief Executive Officer	15
Article 44. Secretary and Deputy Secretary or Deputy Secretaries of the Board of Directors	15
Article 45. Checks and Balances System: Lead Independent Director	15
Chapter IV. Rules Applicable to Directors	16
Article 46. General Duties of Directors	16
Article 47. Term of Office	16
Article 48. Director Remuneration	16
Article 49. Powers of Information and Inspection	16
TITLE IV. BREAKTHROUGH OF RESTRICTIONS IN THE EVENT OF TAKEOVER BIDS	16
Article 50. Removal of Voting Limitations	16
Article 51. Effectiveness of the Removal	17
Article 52. Amendments to Articles in Title IV and Related Provisions	17
TITLE V. FINANCIAL YEAR AND ANNUAL FINANCIAL AND NON-FINANCIAL INFORMATION	17
Chapter I. Financial Year	17
Article 53. Financial Year	17
Chapter II. Annual Financial Information	17
Article 54. Preparation	17
Article 55. Verification	17
Article 56. Approval	17
Article 57. Allocation of Profits/Losses	17
Chapter III. Annual Non-Financial Information	17
Article 58. Preparation	17
Article 59. Verification	18
Article 60. Approval	18
TITLE VI. DISSOLUTION AND LIQUIDATION	18
Article 61. Dissolution	18
Article 62. Liquidation	18

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 level 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

Article 1. Company Name

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

Article 2. Registered Office

1. The registered office of the Company is in Bilbao (Biscay), at Plaza Euskadi número 5.
2. The registered office may be transferred to another location within the same municipal area by resolution of the Board of Directors.

Article 3. Duration

The duration of the Company is indefinite, its operations having commenced on 19 July 1901, the date of formalisation of its deed of incorporation.

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.

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- 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 5. Object of the Company

1. The Company's object is:

- a. To carry out all manner of activities, works and services inherent in or related to the business of production, transmission, switching and distribution or supply of electric power or electricity by-products and applications thereof and the raw material or energy needed for the generation thereof; energy, engineering, information-technology, telecommunications and internet-related services; water treatment and distribution; the provision of a full range of urban and gas supply services, as well as other gas storage, regasification, transportation or distribution activities, which will be carried out indirectly through the ownership of shares or equity interests in other companies that will not engage in the supply of gas.
- b. The distribution, representation and marketing of all manner of goods and services, products, articles, merchandise, software programs, industrial equipment and machinery, tools, utensils, spare parts and accessories.
- c. The investigation, study and planning of investment and corporate organisation projects, as well as the promotion, creation and development of industrial, commercial or service companies.
- d. The provision of services to assist or support companies and businesses in which it has an interest or which are within its corporate group, for which purpose it may provide appropriate guarantees and bonds in favour thereof.

2. The aforementioned activities may be carried out in Spain as well as abroad, and may be performed, in whole or in part, either directly by the Company or through the ownership of shares or equity interests in other companies, subject in all cases and at all times to applicable legal provisions for each industry, especially the electricity industry.

Article 6. Corporate Interest

The Company conceives of the corporate interest as the common interest of all persons owning shares of an independent company focused on the sustainable creation of value by engaging in the activities included in its corporate object, taking into account the other Stakeholders related to its business activity and its institutional reality, in accordance with the *Purpose and Values of the Iberdrola Group* and the commitments made in its *Code of Ethics*.

Article 7. Social Dividend

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

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.

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.

■ TITLE I. SHARE CAPITAL AND SHAREHOLDERS

Chapter I. Share Capital and Shares

Article 10. Share Capital

The share capital is 4,817,474,250.00 euros, represented by 6,423,299,000 ordinary shares having a nominal value of 0.75 euro each, belonging to a single class and series, which are fully subscribed and paid up.

Article 11. Shares

1. The shares are represented in book-entry form.
2. If shares have not been entirely paid up, this circumstance shall be reflected in the corresponding book entry.

3. Unpaid subscriptions must be paid at the time fixed by the Board of Directors, within a period of five years from the date of the resolution approving the increase in capital. The form and other circumstances of the payment shall be governed by the provisions of the resolution approving the increase in capital, which may provide for cash as well as non-cash contributions.

Chapter II. Shareholders

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 13. Shareholder Engagement

The Company shall foster the continuous provision of appropriate information for its shareholders, permanent contact therewith and their engagement in corporate life. For this purpose, the Board of Directors shall establish the channels for participation through which the Company will foster their engagement with appropriate guarantees and coordination mechanisms.

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.

■ TITLE II. GENERAL SHAREHOLDERS' MEETING

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 16. Shareholder Participation

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

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.

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- 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 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 (*Comisión Nacional del Mercado de Valores*).
 - 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 the 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 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 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.

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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 thereof, 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 25. List of Attendees

1. Prior to beginning with the agenda for the meeting, a list of attendees shall be prepared that sets forth the status or representation of each attendee and the number of shares they own or represent by proxy.
2. Questions or claims arising with respect to the preparation of the list of attendees and compliance with the requirements for the establishment of a valid quorum at the General Shareholders' Meeting shall be resolved by the chair thereof.

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 of 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.

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 29. Approval of Resolutions

1. Except in cases in which the law or these *By-Laws* require a greater majority, the shareholders acting at a General Shareholders' Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against. Each voting share that is represented in person or by proxy at the General Shareholders' Meeting shall give the right to one vote.
2. No shareholder may cast a number of votes greater than those corresponding to shares representing ten (10%) per cent of share capital, even if the number of shares held exceeds such percentage of the share capital. This limitation does not affect votes corresponding to shares with respect to which a shareholder is holding a proxy as a result of the provisions of Article 23 above, provided, however, that with respect to the number of votes corresponding to the shares of each shareholder represented by proxy, the limitation set forth above shall apply.
3. The limitation set forth in the preceding section shall also apply to the maximum number of votes that may be collectively or individually cast by two or more shareholders that are entities or companies belonging to the same group. Such limitation shall also apply to the number of votes that may be cast collectively or individually by an individual and the shareholder entity, entities or companies controlled by such individual. A group shall be deemed to exist under the circumstances provided by law, and also when a person controls one or more entities or companies.
4. Shares deprived of voting rights pursuant to the application of the preceding sections shall be deducted from the shares in attendance at the General Shareholders' Meeting for purposes of determining the number of shares upon which the majorities needed for the approval of resolutions by the shareholders at a General Shareholders' Meeting shall be calculated.



■ TITLE III. MANAGEMENT OF THE COMPANY

Chapter I. General Provisions

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.

Chapter II. Board of Directors

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 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.

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 34. Types of Directors

1. Those directors who perform management duties within the Company or its Group, whatever the legal relationship they maintain, shall be deemed executive directors.
2. All other directors of the Company, whether proprietary, independent or other external, shall be deemed non-executive directors:
 - a. Proprietary directors: those directors who own a shareholding interest that is equal to or greater than that legally regarded as significant at any time, or who have been appointed owing to their status as shareholders, even if their shareholding interest does not reach such amount, as well as those representing the shareholders described above. However, if any of such directors at the same time performs management duties within the Company or the Group, such director shall be deemed an executive director.
 - b. Independent directors: those directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being constrained by relationships with the Company or its Group, its significant shareholders, its management personnel or with the other directors. Directors who have been independent directors for a continuous period of more than twelve years cannot be deemed to be independent directors.
 - c. Other external directors: those non-executive directors who do not have the characteristics to be deemed proprietary or independent directors.

The *Regulations of the Board of Directors* may further elaborate upon and develop these concepts within the framework established by law.

3. The Board of Directors shall ensure that a majority of its members are independent directors. This instruction, as well as those set forth in these *By-Laws* and in the *Regulations of the Board of Directors* regarding the composition of the committees of the Board of Directors, shall be mandatory for such body, which must follow them in the exercise of its powers to propose appointments and re-elections of directors to the shareholders at a General Shareholders' Meeting and to make interim appointments of directors to fill vacancies and in appointing members of the committees of the Board of Directors, and merely constitute guidance for the shareholders.
4. A rationale for the status of each director shall be provided by the Board of Directors to the shareholders at the General Shareholders' Meeting at which the appointment thereof must be made or ratified or the re-election thereof approved, and shall be maintained or, if applicable, modified in the Annual Corporate Governance Report, after a report from the Appointments Committee.

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.

Chapter III. Committees and Positions within the Board of Directors

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 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.

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.

Chapter IV. Rules Applicable to 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 48. Director Remuneration

1. The Company shall annually allocate as an expense an amount equal to a maximum of two per cent of consolidated group profits obtained during the preceding financial year for the following purposes:
 - a. To remunerate the directors, both for their status as such as well as for any executive duties, based on the offices held and dedication to and attendance at meetings of the corporate decision-making bodies.
 - b. To endow a fund to meet the obligations of the Company regarding pensions, the payment of life insurance premiums and the payment of severance compensation in favour of current and former directors.
2. In particular, in their capacity as such, the directors shall receive remuneration consisting of a fixed annual amount, attendance fees and appropriate risk coverage benefits (death and disability). In the case of termination prior to the end of the period for which they were appointed, non-executive directors who are not proprietary directors shall have the right to receive a severance payment for non-competition unless their cessation in office is due to a breach of the duties of director attributable thereto or to the sole decision thereof.
3. The amount, subject to the maximum limit of two per cent, may only accrue if profits for the preceding financial year are sufficient to cover legal and other mandatory reserves and if there has been an issuance to the shareholders of a dividend of at least four per cent of the share capital charged to the results for such financial year.
4. Independently of the provisions of the preceding sections, and subject always to the approval of the shareholders at a General Shareholders' Meeting, the remuneration of directors may also consist of the delivery of shares or options thereon, as well as a payment based on the value of the Company's shares.

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.

■ TITLE IV. BREAKTHROUGH OF RESTRICTIONS IN THE EVENT OF TAKEOVER BIDS

Article 50. Removal of Voting Limitations

The prohibition on voting for shareholders affected by conflicts of interest established in Article 28 above and the limitation on the maximum number of votes that may be cast by a single shareholder contained in sections 2 to 4 of Article 29 above shall be deprived of effect upon the occurrence of the following circumstances:

- a. when the Company is the target of a takeover bid aimed at the share capital as a whole; and



- b. when, as a result of the takeover bid, an individual or a legal entity, or several of them acting in concert, acquire an interest equal to two-thirds of the voting share capital of the Company, provided the full consideration therefor consists only of cash; or, alternatively,
- c. when, as a result of the takeover bid, an individual or a legal entity, or several of them acting in concert, acquire an interest equal to three-fourths of the voting share capital of the Company, provided that the consideration therefor consists, in whole or in part, of securities, without giving the recipient an alternative right to receive such consideration wholly in cash.

Article 51. Effectiveness of the Removal

1. The removal of the restrictions mentioned in the preceding article shall be effective from the date of publication of the result of the settlement of the bid in the Listing Bulletin (*Boletín de Cotización*) of the Bilbao Stock Exchange.
2. The directors of the Company shall have the power, as well as the duty, to take the actions necessary to formalise the amendment of the *By-Laws* referred to in section 1 above and to seek registration thereof with the Commercial Registry.

Article 52. Amendments to Articles in Title IV and Related Provisions

All resolutions intended to eliminate or amend the provisions contained in this Title, in Article 28 and in sections 2 to 4 of Article 29 above shall require the affirmative vote of three-fourths of the share capital represented in person or by proxy at a General Shareholders' Meeting.

■ TITLE V. FINANCIAL YEAR AND ANNUAL FINANCIAL AND NON-FINANCIAL INFORMATION

Chapter I. Financial Year

Article 53. Financial Year

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

Chapter II. Annual Financial Information

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.

Chapter III. Annual Non-Financial Information

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.

NOTICE: This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.

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*.

■ TITLE VI. DISSOLUTION AND LIQUIDATION

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.

