

# General Shareholders' Meeting

2 April 2020

Adopted Resolutions



**IBERDROLA**

Internal Use

## 2020 GENERAL SHAREHOLDERS' MEETING

### ITEM NUMBER ONE ON THE AGENDA

#### Annual accounts 2019.

#### RESOLUTION

To approve the individual annual accounts of IBERDROLA, S.A. (balance sheet, profit and loss account, statement of changes in shareholders' equity, statement of cash flows and notes) and the annual accounts of the Company consolidated with those of its subsidiaries (consolidated statements of financial position, consolidated statements of profit and loss, consolidated statements of overall profit and loss, consolidated statements of changes in shareholders' equity, consolidated statements of cash flows and consolidated notes) for the financial year ended on 31 December 2019, formulated by the Board of Directors at its meeting held on 24 February 2020.

### ITEM NUMBER TWO ON THE AGENDA

#### Management reports 2019.

#### RESOLUTION

To approve the individual management report of IBERDROLA, S.A. and the management report of IBERDROLA, S.A. consolidated with that of its subsidiaries for the financial year ended on 31 December 2019, formulated by the Board of Directors at its meeting held on 24 February 2020.

### ITEM NUMBER THREE ON THE AGENDA

#### Statement of non-financial information 2019.

#### RESOLUTION

To approve the statement of non-financial information 2019 of IBERDROLA, S.A. consolidated with that of its subsidiaries for the financial year ended on 31 December 2019, formulated by the Board of Directors at its meeting held on 24 February 2020.

### ITEM NUMBER FOUR ON THE AGENDA

#### Company management and activities of the Board of Directors in 2019.

#### RESOLUTION

To approve the management of the Company and the activities of the Board of Directors of IBERDROLA, S.A. during the financial year ended on 31 December 2019.

## ITEM NUMBER FIVE ON THE AGENDA

### Re-election of KPMG Auditores, S.L. as statutory auditor.

#### RESOLUTION

To re-elect KPMG Auditores, S.L. as statutory auditor of IBERDROLA, S.A. and of its consolidated group to carry out the audit for financial years 2020 and 2021, authorising the Board of Directors, with express power of substitution, to enter into the respective services agreement, on the terms and conditions it deems appropriate, with authority to make such amendments therein as may be required in accordance with the law applicable at any time.

This resolution is submitted by the Board of Directors for the approval of the shareholders at the General Shareholders' Meeting following a proposal from the Audit and Risk Supervision Committee.

KPMG Auditores, S.L. has its registered office in Madrid, at Paseo de la Castellana, número 259 C, and bears Tax Identification Number B-78510153. It is registered with the Official Statutory Auditors' Registry (*Registro Oficial de Auditores de Cuentas*) of the Institute of Accounting and Accounts Auditing under number S0702 and with the Madrid Commercial Registry at volume 11,961, sheet M188,007.

## ITEM NUMBER SIX ON THE AGENDA

### Amendment of articles 6, 7 and 17 of the *By-Laws* in order to redefine the concepts of corporate interest and social dividend.

#### RESOLUTION

Amendment of articles 6, 7 and 17 of the *By-Laws* in order to redefine the concepts of corporate interest and social dividend. Said articles shall hereafter read as follows:

#### ***“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 other Stakeholders related to its business activity and its institutional reality, in accordance with the Purpose and Values of the Iberdrola group and with 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 conceives of the social dividend as the direct, indirect or induced contribution of value of its activities for all Stakeholders, particularly through its contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.*
- 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 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 Corporate Governance System, and particularly regarding the following:*
  - a) *The approval of the annual accounts, the allocation of profits or losses and the approval of 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 Company’s directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
  - f) *Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders’ Meeting, as well as from the obligation not to compete with the Company.*
  - g) *The appointment, re-election and removal of the statutory auditors.*
  - h) *The amendment of these By-Laws.*
  - i) *An increase or reduction in share capital.*
  - j) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*
  - k) *The delegation to the Board of Directors of the power to carry out an increase in 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 liquidating 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 exercise 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 transfer to controlled entities of core activities that were previously carried out by the Company itself, while maintaining full control thereof.*
  - u) *The acquisition, transfer or contribution of key assets from or to another company.*
  - v) *The approval of transactions having an effect equivalent to liquidation of the Company.*
2. *The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the Company's Corporate Governance System."*

## ITEM NUMBER SEVEN ON THE AGENDA

**Amendment of article 8 of the By-Laws in order to give recognition in the By-Laws to the Compliance System and to the Compliance Unit.**

### RESOLUTION

Amendment of article 8 of the By-Laws in order to give recognition in the By-Laws to the Compliance System and to the Compliance Unit. Said article shall hereafter read as follows:

**"Article 8. Applicable Legal Provisions, Corporate Governance 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 Corporate Governance System.*
2. *The Corporate Governance System is the Company's internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best development of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.*
3. *The Company's Corporate Governance System is made up of these By-Laws, the Purpose and Values of the Iberdrola group, the Code of Ethics, the corporate policies and the other governance and compliance rules.*

4. *The Purpose and Values of the Iberdrola group set out its raison d'être, the ideological and axiological foundation of its business enterprise, which, due to its size and the importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.*
5. *The Purpose and Values of the Iberdrola group also inspires and takes form in the corporate policies and in the other rules of the Corporate Governance System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.*
6. *The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.*
7. *Full or summarised versions of the rules making up the Corporate Governance 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 Corporate Governance System itself, as well as to contribute to the full realisation of the Purpose and Values of the Iberdrola group and the corporate interest.*
9. *The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors. ”*

## ITEM NUMBER EIGHT ON THE AGENDA

**Amendment of article 10 of the By-Laws in order to reflect the amount of share capital resulting from the reduction thereof by means of the retirement of a maximum of 213,592,000 own shares (3.31% of the share capital).**

### RESOLUTION

1. **Reduction in Capital by means of the Retirement of Both Currently Existing Own Shares Held in Treasury and of Own Shares to Be Acquired through the Settlement of Derivatives Acquired prior to the Formulation of this Proposed Resolution through a Buy-back Programme for the Retirement thereof.**

To reduce the share capital of IBERDROLA, S.A. (the “**Company**”) by the amount resulting from the sum of:

- i. 76,293,207.75 euros, through the retirement of 101,724,277 existing own shares held in treasury as at 24 February 2020, each with a nominal value of 0.75 euro, acquired under the authorisation granted by the shareholders at the General Shareholders' Meeting held on 13 April 2018 under item twelve on the agenda and within the limits established by section 146 and related provisions and section 509 of the *Companies Act* (the “**Existing Treasury Shares**”); and
- ii. the aggregate nominal value, up to the maximum amount of 83,900,792.25 euros, of the own shares of the Company, each with a nominal value of 0.75 euro, up to a limit of 111,867,723 own shares (the “**Overall Limit**”), that are acquired for their retirement both through the settlement, no later than 12 June 2020, of the derivatives acquired by the Company prior to 24



February 2020 (the “**Derivatives**”) and under the programme for the buy-back of up to 111,867,723 own shares that will be in effect until no later than 12 June 2020 and that was approved by the Board of Directors on 24 February 2020 (the “**Buy-back Programme**”), under (a) the provisions of *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse* and of *Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures*, and (b) the authorisation granted by the shareholders at the General Shareholders’ Meeting held on 13 April 2018 under item twelve on the agenda.

Consequently, the maximum amount of the reduction in capital (the “**Reduction in Capital**”) shall be 160,194,000 euros, through the retirement of a maximum of 213,592,000 own shares, each with a nominal value of 0.75 euro, representing not more than 3.31% of the share capital at the time this resolution is approved.

As set out below, the final amount of the Reduction in Capital will be set by the Company’s Board of Directors (with express power of substitution) depending upon the final number of shares acquired both as a result of the settlement of the Derivatives and within the framework of the Buy-back Programme, provided they do not exceed the Overall Limit. Otherwise, there will be a retirement of all of the shares acquired pursuant to the Buy-back Programme as well as of the number of shares acquired as a result of the settlement of the Derivatives equal to the difference between the Overall Limit and the shares acquired in implementation of the Buy-back Programme. In this latter case, the remaining treasury shares acquired as a result of the settlement of the Derivatives will not be retired on occasion of the Reduction in Capital.

Once the final figure of the Reduction in Capital has been determined, article 10 of the *By-Laws* setting the share capital will be amended such that it reflects the new amount of share capital and the new number of outstanding shares.

## 2. Procedure for Acquisition of the Shares that Will Be Retired under the Buy-back Programme.

Without prejudice to the Existing Treasury Shares, and in accordance with the resolution approved by the Board of Directors at its meeting of 24 February 2020, the Company may acquire a maximum number of 111,867,723 own shares by way of implementation of the Buy-back Programme for all of the shareholders and for their retirement, each of such own shares having a nominal value of 0.75 euro and representing a maximum of 1.733% of the share capital of the Company on the date of approval of this resolution, which number is within the legal limit and the limit provided for in the authorisation for the acquisition of own shares granted by the shareholders at the General Shareholders’ Meeting held on 13 April 2018 under item twelve on the agenda.

As provided in the aforementioned resolution of the Board of Directors, the own shares shall be acquired subject to such terms as to price and volume as are established in article 5 of *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse* and in articles 2, 3 and 4 of *Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures*.

In accordance with the foregoing, pursuant to section 340.3 of the *Companies Act*, if the Company fails to acquire the maximum number of 111,867,723 own shares, each with a nominal value of 0.75 euro, both through the settlement, no later than 12 June 2020, of the Derivatives and under the Buy-back Programme, it shall be understood that the share capital is reduced by the sum of (i) the amount

corresponding to the Existing Treasury Shares, and (ii) the amount corresponding to the sum of the shares effectively acquired within the framework of the Buy-back Programme and pursuant to the settlement of the Derivatives no later than 12 June 2020.

### **3. Procedure for the Reduction and Reserves with a Charge to which It Is Carried Out.**

Pursuant to the provisions of section 342 of the *Companies Act*, the Reduction in Capital must be implemented within one month following the expiration of the Buy-back Programme.

The Reduction in Capital does not entail a return of contributions to the shareholders because the Company itself is the holder of the shares being retired, and it shall be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the retired shares; such reserve may only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by section 335 c) of the *Companies Act*.

Therefore, in accordance with the provisions of such section, creditors of the Company will not be entitled to assert the right of objection contemplated by section 334 of the *Companies Act* in connection with the Reduction in Capital.

### **4. Ratification of the Resolutions of the Board of Directors.**

To ratify the resolutions of the Board of Directors regarding the approval of the Buy-back Programme and the establishment of the terms and conditions thereof, including the determination of the maximum number of shares to be acquired within the framework and the effective period thereof, as well as to ratify the acts, statements and formalities carried out through the date hereof in connection with the public communication of the Buy-back Programme.

### **5. Delegation of Powers.**

To delegate to the Board of Directors, with express power of substitution, the powers necessary to implement this resolution within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in this resolution or that are a consequence hereof. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

- (a) To modify the maximum number of shares that may be bought back by the Company, within the limits set in this resolution and by law, as well as any other terms and conditions of the Buy-back Programme, all in accordance with the provisions of *Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse* and in *Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures*.
- (b) To perform any acts, make any statements or take any steps that may be required in connection with the public communication of the Buy-back Programme and with the formalities, if any, that must be carried out at Spanish regulatory agencies and Stock Exchanges; negotiate, agree to and sign all contracts, agreements, commitments or instructions that may be necessary or appropriate for the successful completion of the Buy-back Programme.
- (c) To cause all announcements required by law to be published, acquire the shares under the Buy-back Programme and retire them within one month following the expiration of the Buy-back Programme, in accordance with the terms approved herein.



- (d) To declare the approved Reduction in Capital to be completed and implemented, establishing, for such purpose, the final number of shares that must be retired and, as a result, the amount by which the share capital of the Company must be reduced in accordance with the rules specified in this resolution.
- (e) To set the final amount of the Reduction in Capital based on the provisions of this resolution and establish any other terms that may be required to implement it, all in accordance with the terms and conditions set forth above.
- (f) To amend article 10 of the *By-Laws* setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the Reduction in Capital.
- (g) To take such steps and carry out such formalities as may be required and submit such documents as may be necessary to the competent bodies such that, once the shares of the Company have been retired and the notarial instrument for the Reduction in Capital has been executed and registered with the Commercial Registry, the retired shares are delisted from the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), and they are removed from the corresponding book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR).
- (h) To perform all acts that may be necessary or appropriate to implement and formalise the Reduction in Capital before any Spanish or foreign public or private entities and agencies, including acts for purposes of representation, supplementation or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

Pursuant to the provisions of section 249.2 of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

## ITEM NUMBER NINE ON THE AGENDA

**Amendment of article 9 of the *Regulations for the General Shareholders' Meeting* in order to give the shareholders acting at a Meeting the power to approve the statement of non-financial information.**

### RESOLUTION

Amendment of article 9 of the *Regulations for the General Shareholders' Meeting* in order to give the shareholders acting at a Meeting the power to approve the statement of non-financial information. Said article shall hereafter read as follows:

#### **"Article 9. Powers**

1. *The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the By-Laws, these Regulations or other rules of the Corporate Governance System, and particularly regarding the following:*
  - A. *With respect to the Board of Directors and the directors:*
    - a) *The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*

- b) *The approval of the establishment and application of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
- c) *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.*
- d) *The exercise of derivative liability actions against directors.*

*B. With respect to the annual accounts and corporate management:*

- a) *The approval of the individual annual accounts of the Company and of the annual accounts of the Company consolidated with those of its subsidiaries.*
- b) *The approval of the statement of non-financial information.*
- c) *The allocation of profits/losses.*
- d) *The approval of corporate management.*

*C. With respect to amendments to the Corporate Governance System:*

- a) *The amendment of the By-Laws.*
- b) *The approval and amendment of these Regulations.*
- c) *The approval of the director remuneration policy upon the terms provided by law.*

*D. With respect to an increase or reduction in share capital, acquisition of own shares and issue of debentures:*

- a) *An increase or reduction in share capital.*
- b) *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.*
- c) *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.*
- d) *The exclusion or limitation of pre-emptive rights.*
- e) *The authorisation for the derivative acquisition of the Company's own shares.*

- f) *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.*

*E. With respect to structural changes of the Company and functionally similar operations:*

- a) *The transformation of the Company.*
- b) *The merger or split-off of the Company upon the terms provided by law.*
- c) *The overall assignment of assets and liabilities.*
- d) *The transfer of the registered office abroad.*
- e) *The transfer to controlled entities of core activities that were previously carried out by the Company itself, while maintaining full control thereof.*
- f) *The acquisition, transfer or contribution of key assets from or to another company.*

*F. With respect to the statutory auditors:*

- a) *The appointment, re-election and removal of the statutory auditors.*
- b) *The exercise of derivative liability actions against the statutory auditors.*

*G. With respect to the dissolution and liquidation of the Company:*

- a) *The dissolution of the Company.*
- b) *The appointment and removal of the liquidators.*
- c) *The approval of the final liquidating balance sheet.*
- d) *The exercise of derivative liability actions against the liquidators.*
- e) *The approval of transactions having an effect equivalent to liquidation of the Company.*

2. *The shareholders acting at a General Shareholders' Meeting shall also decide any other matter submitted to them by the Board of Directors or by the shareholders in the instances provided by law or that is within their power pursuant to law or the Corporate Governance System.*
3. *The shareholders acting at a General Shareholders' Meeting shall also decide, by way of a consultative vote, on the annual director remuneration report, and may also make a pronouncement on any other reports or proposals submitted by the Board of Directors."*

## ITEM NUMBER TEN ON THE AGENDA

**Amendment of articles 14, 19, and 39 of the *Regulations for the General Shareholders' Meeting* in order to update the regulation of the right to receive information and the mechanisms for remote participation.**

### RESOLUTION

Amendment of articles 14, 19, and 39 of the *Regulations for the General Shareholders' Meeting* in order to update the regulation of the right to receive information and the mechanisms for remote participation. Said articles shall hereafter read as follows:

#### **“Article 14. Corporate Website**

1. *The Company shall use its corporate website to promote the informed participation of all shareholders in the General Shareholders' Meeting and to facilitate the exercise of their rights related thereto.*
2. *From the date of publication of the announcement of the call to meeting through the date of holding of the General Shareholders' Meeting in question, the Company shall continuously publish on its corporate website in electronic format and in an organised and environmentally-friendly manner, such information as is required by law or deemed appropriate to facilitate and promote the attendance and participation of the shareholders at the General Shareholders' Meeting, including in any case the following:*
  - a) *The announcement of the call to the General Shareholders' Meeting.*
  - b) *The total number of shares and voting rights existing on the date of the announcement of the call to meeting, broken down by classes of shares, if any.*
  - c) *Such documents relating to the General Shareholders' Meeting as are required by law, including the reports of the directors, the statutory auditors and the independent experts that are expected to be submitted, proposed resolutions submitted by the Board of Directors or by the shareholders, and any other relevant information that the shareholders might need in order to cast their vote.*
  - d) *In the event that the shareholders acting at a General Shareholders' Meeting must deliberate on the appointment, re-election, or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information: professional profile and biographical data of the director; other boards of directors on which the director holds office, at listed companies or otherwise; type of director such person is or should be, with mention, in the case of proprietary directors, of the shareholder that proposes or proposed the appointment thereof or who the director represents or with which the director maintains ties; date of the director's first and any subsequent appointments as director of the Company; shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder; the report prepared by the Board of Directors and the proposal of the Appointments Committee in the case of independent directors, and the report of the Committee in other cases.*
  - e) *The existing channels of communication between the Company and the shareholders and, in particular, explanations pertinent to the exercise of the right to receive information, indicating the postal and e-mail addresses to which the shareholders may direct their requests.*

- f) *The means and procedures for granting a proxy to attend the General Shareholders' Meeting and for casting absentee votes, including the form of attendance, proxy and absentee voting card, if any.*
3. *Furthermore, after the publication of the announcement of the call to the Ordinary General Shareholders' Meeting, the Company shall include on its corporate website the following documentation, which the Board of Directors may group into one or more reports:*
- a) *The report on the independence of the statutory auditor prepared by the Audit and Risk Supervision Committee.*
  - b) *The related-party transactions report prepared by the Appointments Committee.*
  - c) *The activities report of the Board of Directors and of the Committees thereof.*
  - d) *The integrated report.*
  - e) *Any other reports determined by the Board of Directors.*
4. *After the publication of the announcement of the call to meeting, the Company shall use its best efforts to include in its corporate website an English version of the information and the principal documents related to the General Shareholders' Meeting. In the event of a discrepancy between the Spanish and English versions, the former shall prevail.*
5. *Pursuant to the provisions of applicable legislation, an Electronic Shareholders' Forum shall be enabled on the Company's corporate website on occasion of the call to the General Shareholders' Meeting. Duly verified shareholders and shareholder groups may access the Electronic Shareholders' Forum, the use of which shall conform to its legal purpose and to the assurances and rules of operation established by the Company.*

#### **“Article 19. Right to Proxy Representation**

1. *Shareholders may exercise the right to attend personally or through proxy representation by another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.*
2. *The proxy may be granted by delivering to the proxy representative the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company, or by any of the following means:*
  - a) *Through the financial institutions that are intermediaries, managers and depositaries in which their shares are deposited, in order for said institutions to in turn cause the instructions received to be delivered to the Company.*
  - b) *Through the proxy form available on the Company's corporate website, using the instantaneous authentication systems implemented by the Company, recognised electronic signature of the shareholder or other type of guarantee that the Company deems proper to ensure the authenticity and identification of the shareholder granting the proxy.*

*For these purposes, the use of the personal passwords that the Company has previously delivered to the shareholder by postal or electronic correspondence to the address that the shareholder has communicated to the Company or through any other form determined by the Board of Directors shall be deemed to be a proper assurance.*



- c) *Advance delivery of the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company at the premises provided by the Company on the days announced on the Company's corporate website.*
  - d) *Sending the attendance, proxy and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company by postal correspondence addressed to the Company.*
  - e) *By any other means of remote communication that the Board of Directors determines to favour the participation of the largest possible number of shareholders, provided that notice thereof is given on the corporate website at the time of publishing the announcement of the call to meeting, that it provides sufficient guarantees of the authenticity and identification of the shareholder granting the proxy, and, if appropriate, that it duly ensures the security of the electronic communications.*
3. *A proxy granted by any of the means indicated in the preceding section must be received by the Company before 24:00 on the day immediately prior to the day on which the General Shareholders' Meeting is held upon first call or upon second call, as applicable.*
  4. *The Board of Directors is authorised to further develop the foregoing provisions by establishing rules, means and procedures adjusted to current techniques in order to organise the grant of proxies by electronic means, in each case in accordance with the rules and regulations issued for such purpose.*

*Specifically, the Board of Directors may establish rules for the use of personal passwords and other guarantees other than electronic signatures for the granting of proxies by electronic correspondence, reduce the advance period established above for receipt by the Company of proxies granted by postal or electronic correspondence, and allow 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 allowed by the means available.*

5. *The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall have the broadest powers 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 evidencing attendance or representation by proxy.*
6. *A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.*
7. *A public solicitation for proxies by the Board of Directors or any of its members shall be governed by the provisions of law and by the corresponding resolution of the Board of Directors, if any.*
8. *A proxy may cover those matters that the law allows to be dealt with at the General Shareholders' Meeting even when not included in the agenda.*
9. *If the proxy has been validly granted pursuant to law and these Regulations but does not include voting instructions or questions arise as to the intended proxy-holder or the scope of the representation, and unless otherwise indicated by the shareholder, it shall be deemed that: (i) the proxy is granted in favour of the chairman of the Board of Directors; (ii) refers to all of the items included in the agenda of the call to the General Shareholders' Meeting; (iii) contains the*



*instruction to vote favourably on all proposals made by the Board of Directors with respect to the items on the agenda of the call to meeting; and (iv) extends to matters that, although not included in the agenda of the call to meeting, may be dealt with at the General Shareholders' Meeting in accordance with law, in respect of which the proxy-holder shall vote in the direction the proxy-holder deems most favourable to the interests of the shareholder granting the proxy, within the framework of the corporate interest.*

*This provision may be further developed by any rules approved by the Board of Directors that systematise, further develop, adapt and specify the provisions of the Corporate Governance System regarding the management of the General Shareholders' Meeting.*

10. *Before being appointed, the proxy-holder shall provide detailed information to the shareholder regarding the existence of any conflict of interest. If the conflict is subsequent to the appointment and the shareholder granting the proxy has not been advised of the possible existence of such conflict, the proxy-holder shall immediately inform the shareholder thereof. In both cases, if the proxy-holder has not received new specific voting instructions regarding each of the matters on which the proxy-holder has to vote on behalf of the shareholder, the proxy-holder shall abstain from voting, without prejudice to the provisions of the following section.*
11. *Unless otherwise expressly indicated by the shareholder, if the proxy-holder is affected by a conflict of interest and has no specific voting instructions, or if the proxy-holder has them but it is deemed preferable that the proxy-holder not exercise the proxy with respect to the items involved in the conflict of interest, the shareholder shall be deemed to have appointed the following persons as proxy-holders for such items, severally and successively, in the event that any of them is in turn affected by a conflict of interest: first, the chair of the General Shareholders' Meeting, second, the secretary therefor, and finally, the deputy secretary of the Board of Directors, if any. In this latter event, if there are several deputy secretaries, the order to be used shall be the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). The proxy representative so designated shall cast the vote in the direction deemed most favourable to the interests of the person represented thereby, within the framework of the corporate interest.*
12. *A proxy representative may hold the proxy of more than one shareholder without limitation as to the number of shareholders being represented, and exercise the corresponding voting rights pursuant to the provisions of article 40.3 below."*

***"Article 39. Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting***

1. *Shareholders may cast their absentee vote regarding proposals relating to the items included in the agenda of the call to meeting by the means indicated in section 2 of article 19 above. In all such cases, they shall be deemed to be present for purposes of the establishment of a quorum at the General Shareholders' Meeting.*
2. *In order to vote by postal correspondence, shareholders must send to the Company the duly completed and signed attendance, proxy and absentee voting card issued in their favour by the corresponding institution, setting forth thereon the direction of their vote, their abstention or their blank vote.*
3. *Votes through the form available on the corporate website shall be cast using the means referred to in letter b) of article 19.2 above.*
4. *Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day for the holding of the General Shareholders' Meeting upon first call or second call, as applicable.*

5. *The absentee voting referred to in this article shall be rendered void:*

  - a) *By subsequent express revocation made by the same means used to cast the vote and within the period established for such voting.*
  - b) *By attendance at the meeting of the shareholder casting the vote.*
  - c) *If the shareholder validly grants a proxy within the established period after the date of casting the absentee vote.*

6. *If no express instructions are included when casting the absentee vote, or instructions are included only with respect to some of the items on the agenda of the call to meeting, and unless expressly indicated otherwise by the shareholder, it shall be deemed that the absentee vote refers to all of the items included in the agenda of the call to the General Shareholders' Meeting and that the vote is in favour of the proposals made by the Board of Directors regarding the items included in the agenda of the call to meeting with respect to which no express instructions are included.*
7. *As regards proposed resolutions other than those submitted by the Board of Directors or regarding items not included in the agenda of the call to meeting, the shareholder casting an absentee vote may grant proxy representation through any of the means contemplated in these Regulations, in which case the rules established for such purpose shall apply to the proxy, which shall be deemed granted to the chairman of the Board of Directors unless expressly indicated otherwise by the shareholder.*
8. *The Board of Directors is authorised to develop the appropriate rules, means and procedures to organise the casting of votes and the grant of proxies by electronic means.*

*Specifically, the Board of Directors may establish rules for the use of personal passwords and other guarantees other than electronic signatures and the instantaneous authentication system for granting proxies and casting votes electronically or by other valid means of long-distance communication. It may also reduce the advance period established in section 4 above for receipt by the Company of absentee votes and proxies granted by postal or electronic correspondence, and accept and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, absentee votes and proxies received after such period, to the extent permitted by the means available.*

*The Board of Directors is also authorised to further develop the procedures for granting proxies and for absentee voting in general, including the rules of priority and conflict applicable thereto. The implementing rules adopted by the Board of Directors under the provisions of this section shall be published on the Company's corporate website.*

*The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, information and voting by the shareholders and their representatives; check and accept the validity and effectiveness of the proxies and absentee votes (particularly the attendance, proxy and absentee voting card or verification document or instrument for attendance or proxy-granting), as well as the validity and effectiveness of the instructions received through intermediary and management institutions or depositaries of shares, all in accordance with the provisions set forth in the Company's Corporate Governance System and in the rules that the Board of Directors may establish in order to further develop such provisions."*

## ITEM NUMBER ELEVEN ON THE AGENDA

**Amendment of articles 6, 7, 15, 16, 17, 22, 33 and 44 of the *Regulations for the General Shareholders' Meeting* in order to make technical improvements.**

### RESOLUTION

Amendment of articles 6, 7, 15, 16, 17, 22, 33 and 44 of the *Regulations for the General Shareholders' Meeting* in order to make various technical improvements. Said articles shall hereafter read as follows:

#### **“Article 6. Guide, Rules of Implementation and Management Framework for the General Shareholders' Meeting**

1. *In order to promote and facilitate the informed participation of the shareholders, upon the call to the General Shareholders' Meeting the Board of Directors shall make available thereto a guide, in the medium it deems appropriate (including a virtual assistant), in order to clearly explain the most significant aspects regarding the operation of the General Shareholders' Meeting and the procedures established for the exercise of their rights thereat.*
2. *The Board of Directors may approve rules of implementation that systematise, adapt and specify the provisions of the Corporate Governance System regarding the General Shareholders' Meeting and the rights of the shareholders related thereto, within the framework of the corporate interest.*
3. *The Board of Directors shall also entrust to the secretary thereof the preparation and ongoing update of a management framework to coordinate and facilitate the monitoring of all activities necessary for the planning, preparation, call, holding and formalisation of the resolutions at each General Shareholders' Meeting.*
4. *Pursuant to the provisions of the Sustainable Management Policy, the Company shall endeavour to ensure that all actions relating to the organisation of the General Shareholders' Meeting comply with the best practices in this area.”*

#### **“Article 7. Function**

1. *The General Shareholders' Meeting is the principal channel for participation of the shareholders within the Company and its sovereign decision-making body, wherein all duly convened shareholders meet to debate and decide by the required majorities those matters within their power, or to be informed of those other matters that the Board of Directors or the shareholders deem appropriate upon the terms provided by law and the Corporate Governance System.*
2. *Decisions of the shareholders at a General Shareholders' Meeting bind all shareholders, including shareholders who are absent, vote against or in blank, abstain from voting or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.”*

#### **“Article 15. Requests for Information Prior to the General Shareholders' Meeting**

1. *From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem pertinent regarding (i) the matters contained in the agenda for the 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. *All such requests for information or questions may be made or asked by delivery of the request to the Company's registered office, or by delivery to the Company via mail or other means of electronic or long-distance data transmission sent to the address specified in the announcement of the call to meeting or, in the absence thereof, to the Office of the Shareholder (Oficina del Accionista). Requests shall be allowed that include the recognised electronic signature of the requesting party, the personal passwords referred to in letter b) of article 19.2 below, or that use other mechanisms that the Board of Directors deems sufficient to ensure the authenticity and identity of the shareholder, after an express resolution adopted for such purpose.*
3. *Regardless of the means used, the request must include the shareholder's first and last names or company name, with evidence of the shares owned, in order for this information to be checked against the list of shareholders and the number of shares in the shareholders' name provided by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) for the General Shareholders' Meeting in question. The shareholder shall be responsible for showing delivery of the request to the Company as and when due.*
4. *The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the periods set forth in the law, in the By-Laws and in these Regulations, 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.*
5. *The information requested may not be denied if it is supported by shareholders representing at least twenty-five per cent of the share capital.*
6. *The Board of Directors may authorise any of its members, its secretary, its deputy secretary or deputy secretaries, or any other person it deems appropriate, in order for any of them to respond on behalf of the Board of Directors to shareholder requests for information.*
7. *To ensure the equal treatment of all shareholders, valid requests for information, clarification or requests made in writing by the shareholders and the answers provided in the same form by the Board of Directors or the persons delegated thereby shall be included in the corporate website of the Company.*
8. *If, prior to the presentation of a specific question, the information requested is clearly, expressly and directly available to all shareholders on the corporate website in question/answer format, the answer may consist of a reference to the information provided in such format."*

#### **"Article 16. Participation**

*The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders' Meeting, including the ability to deliver promotional material or gifts with symbolic value to the shareholders participating in the General Shareholders' Meeting or in the holding of similar promotions. Any items remaining from the promotions or gifts may be used for social welfare purposes."*

#### **"Article 17. Attendance**

1. *All holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereof, with the right to be heard and to vote.*



2. *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.*
3. *The Company shall verify compliance with this requirement by consulting the data provided for this purpose by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) or by another valid means."*

**"Article 22. Infrastructure, Means of Communication and Services Available at the Premises**

1. *The premises to be used to hold the General Shareholders' Meeting shall have the personnel, technical equipment and safety, assistance and emergency measures commensurate with the nature and location of the property and with the importance of the event. In addition, the premises for holding the General Shareholders' Meeting shall have the emergency and evacuation measures required by law, as well other measures deemed appropriate in light of the circumstances.*
2. *The Company may make available other furnished premises with similar characteristics where the General Shareholders' Meeting can be held in the event of an emergency.*
3. *Appropriate controls and surveillance and protection measures, as well as systems for controlling access to the meeting, shall be established in order to ensure the safety of the attendees and the orderly conduct of the General Shareholders' Meeting.*
4. *Once the General Shareholders' Meeting has commenced, the attendees are prohibited from using voice amplification instruments, mobile phones, photographic equipment, audio and/or video recording and/or transmission equipment and in general any instrument that might alter the visibility, sound or lighting conditions of the proceedings, except to the extent authorised by the chair thereof.*
5. *The proceedings of the General Shareholders' Meeting shall be the subject of audiovisual recording, unless the chair of the General Shareholders' Meeting decides otherwise. They may also be the subject of storage and live or recorded broadcast by any means, including over the internet, and dissemination on social media, on the legal basis of the Company's legitimate interest in complying with best transparency practices. A data subject shall have the rights of access, rectification, objection, erasure and restriction of processing of the data collected by the Company on the terms established by law by sending a letter addressed to the registered office or to the Office of the Shareholder (the postal address of which shall be provided by the Company for each Meeting) and at the e-mail address established by the Company for each Meeting. The data subject may also request more detailed information regarding the Company's privacy policy at the postal and electronic addresses indicated above.*
6. *Whenever reasonably possible, the Company shall endeavour to ensure that the premises at which the General Shareholders' Meeting is held has the means to allow access by persons with reduced mobility and the simultaneous interpretation of the proceedings into Euskera (Basque), English and those other languages that the Board of Directors deems appropriate. The Company shall also establish measures that facilitate participation in the General Shareholders' Meeting by attendees with auditory or visual limitations.*
7. *The Company shall also make available to the shareholders any additional information that facilitates following the General Shareholders' Meeting, such as programmes for the meeting or any other documentation deemed useful for such purpose."*

**“Article 33. Establishment of a Quorum for the General Shareholders’ Meeting**

1. *Prior to the commencement of the presentation period, the chair of the General Shareholders’ Meeting or the secretary by delegation therefrom, shall read the information contained in the list of attendees, detailing the number of shareholders present in person and by proxy, the number of shares represented in person and by proxy, with an indication of the percentage of share capital that both represent, and the total number of shareholders and the shares in attendance at the meeting, with an indication of the share capital that such shares represent. The chair, or if applicable, the secretary, may project the data resulting from the list of attendees onto the screens of the place where the meeting is held instead of reading the data.*
2. *The chair of the General Shareholders’ Meeting shall then, if appropriate, declare the existence of a proper and sufficient quorum on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the contrary, debate must be limited to only some of them.*
3. *If appropriate, the chair of the General Shareholders’ Meeting shall announce the presence of a notary public at the meeting and shall identify such notary public, taking notice of the request to prepare the minutes of the meeting.*
4. *If a notary public has been requested to prepare the minutes of the meeting, the notary public shall ask the shareholders at the General Shareholders’ Meeting and make clear in the minutes whether there are reservations or objections regarding the statements of the chair of or the secretary for the General Shareholders’ Meeting in connection with the number of shareholders in attendance and the share capital represented in person and by proxy.”*

**“Article 44. Publication of Resolutions**

1. *Without prejudice to registration of recordable resolutions at the Commercial Registry or to applicable legal provisions regarding the publication of corporate resolutions, the Company shall communicate to the National Securities Market Commission the literal text or a summary of the contents of the resolutions approved at the General Shareholders’ Meeting.*
2. *The text of the resolutions adopted and the voting results shall be published in full on the Company’s corporate website within five days of the end of the General Shareholders’ Meeting.*
3. *Furthermore, at the request of any shareholder or their representative at the General Shareholders’ Meeting, the secretary of the Board of Directors shall issue a certification of the resolutions or of the minutes.”*

**ITEM NUMBER TWELVE ON THE AGENDA**

**Allocation of profits/losses and distribution of 2019 dividends, the supplementary payment of which will be made within the framework of the “Iberdrola Flexible Remuneration” optional dividend system.**

**RESOLUTION**

To approve the proposed allocation of profits/losses and distribution of dividends for financial year 2019 formulated by the Board of Directors at its meeting held on 24 February 2020, which is described below:



To distribute, with a charge to the results for the financial year ended 31 December 2019, a dividend in the aggregate gross amount that will be equal to the sum of the following amounts (the “**Dividend**”):

- a) 238,558,646.76 euros, which were paid on account of the dividend for financial year 2019 on 5 February 2020 to the holders of 1,419,991,945 shares of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) who elected to receive their remuneration in cash within the framework of the second implementation of the “Iberdrola Flexible Remuneration” optional dividend system for financial year 2019 by collecting an amount of 0.168 euro (gross) per share (the total amount paid to said holders will be referred to as the “**Total Interim Dividend**”); and
- b) the determinable amount resulting from multiplying:
  - i. the gross amount per share to be distributed by the Company as a supplementary dividend payment for financial year 2019 within the framework of the first implementation of the “Iberdrola Flexible Remuneration” optional dividend system for financial year 2020 (the “**Supplementary Dividend**”), and which will be as determined by the Company’s Board of Directors pursuant to the rules set forth in the section “Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number twelve, thirteen and fourteen on the agenda pursuant to which the “Iberdrola Flexible Remuneration” optional dividend system is implemented” (the “**Common Terms**”); by
  - ii. the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the “Iberdrola Flexible Remuneration” optional dividend system.

The amount of the Supplementary Dividend, and therefore the amount of the Dividend, cannot be determined as of the date of formulation of this proposed resolution.

For the purposes hereof, it is hereby noted that the payment of the Supplementary Dividend shall be implemented together with the implementation of the increase in capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item number thirteen on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Supplementary Dividend) or in newly-issued bonus shares of the Company (through said increase in capital).

The collection of the Supplementary Dividend provided for in this resolution is thus configured, in accordance with the provisions of the Common Terms, as one of the alternatives that a shareholder of Iberdrola can choose when receiving their remuneration within the framework of the first implementation of the “Iberdrola Flexible Remuneration” optional dividend system for financial year 2020. As a result of the foregoing, and as described below in the Common Terms, it shall be deemed that those shareholders choosing to receive their remuneration in cash through the Supplementary Dividend with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and therefore the ability to transfer them on the market or to receive newly-issued bonus shares corresponding to said free-of-charge allocation rights.

The distribution of the Supplementary Dividend, which is expected to become effective during the month of August 2020, shall be implemented through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR), the Board of Directors being hereby authorised to establish the specific date for payment of the Supplementary Dividend, to designate the entity that is to act as paying agent and to take such other steps as may be required or appropriate for the successful completion of the distribution.

The Board of Directors is also delegated the power to set the conditions applicable to the payment of the Supplementary Dividend to the extent not provided for in this resolution, including the determination of the specific gross amount of the Supplementary Dividend subject to the aforementioned rules.

Finally, pursuant to the provisions of section 249.2 of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

The basis for distribution and the resulting proposed distribution (expressed in euros) is as

follows: **BASIS FOR DISTRIBUTION:**

Balance from prior financial years: 8,732,386,577.38

Prof its for financial year 2019:  
2,848,815,453.09

**TOTAL: 11,581,202,030.47**

**DISTRIBUTION:**

To Dividend: Amount pending determination which will result from adding: (a) the Total Interim Dividend, and (b) the product resulting from multiplying the Supplementary Dividend by the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the "Iberdrola Flexible Remuneration" optional dividend system for financial year 2020.

To remainder: Determinable amount that will result from subtracting the amount allocated to the Dividend from the total basis for distribution.

**TOTAL: 11,581,202,030.47**

On the date that the Board of Directors (or the body acting by delegation therefrom) decides to implement the increase in capital that is being submitted for approval of the shareholders at the General Shareholders' Meeting under item number thirteen on the agenda (and therefore, to commence the first implementation of the "Iberdrola Flexible Remuneration" optional dividend system for financial year 2020), the minimum amount of the Supplementary Dividend shall be announced. The final amount of the Supplementary Dividend shall be communicated as soon as the Board of Directors (or the body acting by delegation therefrom) determines it in accordance with the provisions of the Common Terms. Furthermore, once the first implementation of the "Iberdrola Flexible Remuneration" optional dividend system for financial year 2020 is completed, the Board of Directors (with express power of substitution) shall proceed to specify the aforementioned proposed distribution, determining the final amount of the Dividend and the amount to be allocated to remainder.

The Common Terms include a sample calculation of the Supplementary Dividend, among other figures relating to the implementation of the increase in capital submitted for approval of the shareholders at the General Shareholders' Meeting under item number thirteen on the agenda.

## ITEM NUMBER THIRTEEN ON THE AGENDA

**First increase in capital by means of a scrip issue at a maximum reference market value of 1,625 million euros in order to implement the “Iberdrola Flexible Remuneration” optional dividend system.**

### RESOLUTION

To increase the share capital of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) upon the terms and conditions described in the section below, entitled “Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number twelve, thirteen and fourteen on the agenda, pursuant to which the “Iberdrola Flexible Remuneration” optional dividend system is implemented” (the “**Common Terms**”), at a maximum reference market value of 1,625 million euros for the shares to be issued in implementation of said increase.

The increase in capital shall be implemented together with the supplementary payment of the dividend submitted for approval of the shareholders at the General Shareholders’ Meeting under item twelve on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (receiving said supplementary payment of the dividend) or in newly-issued bonus shares of the Company (through the increase in capital). The delivery of bonus shares issued within the context of the increase in capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.

Pursuant to the provisions of section 297.1.a) of the *Companies Act*, to delegate to the Board of Directors the power to set the date on which the increase in capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of section 249.2 of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

This increase in capital is expected to be implemented together with the supplementary payment of the dividend contemplated in item number twelve on the agenda during the month of July 2020.

## ITEM NUMBER FOURTEEN ON THE AGENDA

**Second increase in capital by means of a scrip issue at a maximum reference market value of 1,415 million euros in order to implement the “Iberdrola Flexible Remuneration” optional dividend system.**

### RESOLUTION

To increase the share capital of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) upon the terms and conditions described in the section below, entitled “Common terms and conditions of the dividend distribution and increase in capital resolutions proposed under items number twelve, thirteen and fourteen on the agenda, pursuant to which the “Iberdrola Flexible Remuneration” optional dividend system is implemented” (the “**Common Terms**”), at a maximum reference market value of 1,415 million euros for the shares to be issued in implementation of said increase.

The increase in capital is expected to be implemented together with the payment of the interim dividend amount for financial year 2020, if any, to be approved by the Company’s Board of Directors (the “**Interim Dividend**”) in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Interim Dividend) or in newly-issued bonus shares of the Company (through the increase in capital). The delivery of bonus shares issued within the context of the increase in

capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.

Pursuant to the provisions of section 297.1.a) of the *Companies Act*, to delegate to the Board of Directors the power to set the date on which the increase in capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of section 249.2 of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

This increase in capital is expected to be implemented together with the Interim Dividend payment during the month of January 2021.

## **COMMON TERMS AND CONDITIONS OF THE DIVIDEND DISTRIBUTION AND INCREASE IN CAPITAL RESOLUTIONS PROPOSED UNDER ITEMS NUMBER TWELVE, THIRTEEN AND FOURTEEN ON THE AGENDA, BY VIRTUE OF WHICH THE “IBERDROLA FLEXIBLE REMUNERATION” OPTIONAL DIVIDEND SYSTEM IS IMPLEMENTED**

### **1. Main Characteristics of the “Iberdrola Flexible Remuneration” Optional Dividend System**

The purpose of the resolutions for the allocation of profits/losses and dividend distribution and increase in capital resolutions proposed under items number twelve, thirteen and fourteen on the agenda is to implement the “Iberdrola Flexible Remuneration” optional dividend system pursuant to which the shareholders of IBERDROLA, S.A. (the “**Company**” or “**Iberdrola**”) are offered the ability to receive their remuneration in cash or in newly-issued bonus shares.

For this purpose, there shall be two implementations of the “Iberdrola Flexible Remuneration” optional dividend system in each of which one dividend payment shall be made (each, a “**Dividend Payment**”, and collectively, the “**Dividend Payments**”) along with the implementations of the increases in capital (the “**Increases in Capital**” and each of them, an “**Increase in Capital**”) submitted for approval of the shareholders at the General Shareholders’ Meeting under items number thirteen and fourteen on the agenda:

- (i) The first implementation of the “Iberdrola Flexible Remuneration” optional dividend system for financial year 2020, which is expected to take place during the month of July 2020 (the “**First Implementation**”), shall be carried out through the supplementary payment of the dividend for financial year 2019 contemplated in item number twelve on the agenda (the “**Supplementary Dividend**”) together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item number thirteen on the agenda.
- (ii) The second implementation of the “Iberdrola Flexible Remuneration” optional dividend system for financial year 2020, which is expected to take place during the month of January 2021 (the “**Second Implementation**”, and collectively with the First Implementation, the “**Implementations**” and each of the Implementations, individually, an “**Implementation**”), shall be carried out through the payment of an interim amount of the dividend for financial year 2020 (the “**Interim Dividend**”) to be approved, if appropriate, by the Board of Directors pursuant to the provisions of section 2.2 below, together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item number fourteen on the agenda.

The Supplementary Dividend and the Interim Dividend shall hereinafter be referred to collectively as the “**Dividends**” and each of them individually as a “**Dividend**”.

In each of the Implementations, the shareholders may choose from among the following options for remuneration upon the terms and conditions established by the Board of Directors (with express power of substitution):

- (a) Receiving their remuneration in cash by collecting the Dividend in question (whether with respect to all of their shares or a portion thereof), for which purpose the shareholders shall be required to make an express election in this regard.
- (b) Receiving their remuneration in newly-issued bonus shares of the Company. To this end, shareholders must refrain from transferring their free-of-charge allocation rights on the market. In this case, upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital, the shareholders shall receive such number of new shares (as they are proportionately entitled to receive), entirely as bonus shares.
- (c) Transferring all or part of their free-of-charge allocation rights on the market during the trading period pursuant to the provisions of section 5 below. In this case, the consideration for such rights will depend on market conditions in general and on the listing price of such rights in particular.

The final amount of each of the Dividend Payments and of each of the Increases in Capital shall be determined by the Company’s Board of Directors (or the body acting by delegation therefrom) within the context of each of the Implementations and pursuant to the provisions of the sections below.

Within the year following the date of approval of the resolutions included in items number twelve, thirteen and fourteen on the agenda, each of the Implementations may be made by the Board of Directors (with express power of substitution) at its sole discretion, and therefore without having to once again obtain the approval of the shareholders at a General Shareholders’ Meeting, and based on the legal and financial conditions existing at the time of each of the Implementations, in order to offer the Company’s shareholders a flexible and efficient remuneration formula.

The shareholders may only elect remuneration option (a) above (i.e. receive the Dividend in question) during the “**Common Election Period**”. The Common Election Period will begin on the same day as the trading period for the free-of-charge allocation rights, and the Board of Directors (with express power of substitution) must establish the specific term of the Common Election Period, which may in no event exceed the term of said trading period.

Based on their preferences and needs, the Company’s shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares.

As described below (see section 3 below), if the requirements of section 277 of the *Companies Act* to distribute the Interim Dividend are not met within the framework of the Second Implementation, the Company will make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital at a guaranteed fixed price upon the terms and conditions described below (the “**Purchase Commitment**” and the “**Fixed Purchase Price**”, respectively). In this case, the shareholders may monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price and thus receive a cash amount equal to the one that the Company would have distributed as the Interim Dividend.



Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holder of free-of-charge allocation rights to communicate to the entities with which their rights are deposited regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. Iberdrola assumes no liability for a breach of this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or for accepting them after the passage of said period, or for any other reason), for which reason any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

## 2. Amount of the Dividends.

### 2.1. Gross amount per share to be distributed to the shareholders as a Supplementary Dividend in the First Implementation

The gross amount to be distributed to the shareholders as a Supplementary Dividend for each share of Iberdrola with the right to receive it shall be determined within the context of the First Implementation by the Board of Directors (with express power of substitution), subject to the terms and conditions set forth in item number twelve on the agenda and in this section (the “**Supplementary Dividend**”). The amount of the Supplementary Dividend shall be calculated in accordance with the terms set forth in this section.

During the Common Election Period for the First Implementation, the Company’s shareholders shall have the ability to expressly choose to receive the Supplementary Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Supplementary Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

After the Common Election Period for the First Implementation has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the First Implementation (equal to the final amount of the Supplementary Dividend) and shall make payment thereof through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR), the Board of Directors being hereby authorised for such purpose (with express power of substitution) to establish the specific date on which the Dividend Payment should occur, to designate the entity that is to act as paying agent, and to take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the First Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on distribution of the Supplementary Dividend with respect to the amounts that were not distributed to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.

Moreover, after calculating the aggregate gross amount of the Supplementary Dividend, the aggregate total amount distributed as a dividend with a charge to the results for the financial year ended 31 December 2019 pursuant to the provisions of item number twelve on the agenda shall be determined and, in view of said amount, the amount of the total basis for distribution



established in said item on the agenda to be allocated to remainder shall be specified, and the resulting proposed allocation of profits/losses and distribution of the dividend for financial year 2019 shall be completed.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Supplementary Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may receive the newly-issued bonus shares to which they are entitled.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Supplementary Dividend.

## 2.2. Gross amount per share to be distributed to the shareholders as an Interim Dividend in the Second Implementation

The gross amount to be distributed as an Interim Dividend, if any, for each share of Iberdrola with the right to receive it shall be as determined by the Board of Directors pursuant to the corresponding resolution to be adopted prior to 31 December 2020 and pursuant to the provisions of section 277 of the *Companies Act* (the “**Interim Dividend**”).

During the Common Election Period for the Second Implementation, the Company’s shareholders shall have the ability to expressly choose to receive the Interim Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Interim Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

After the Common Election Period for the Second Implementation, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the Second Implementation and shall make payment thereof through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR). To this end, the Board of Directors (with express power of substitution) shall establish the specific date on which the Dividend Payment should occur, shall designate the entity that is to act as paying agent, and shall take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the Second Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on distribution of the Interim Dividend with respect to the amounts that were not distributed to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Interim Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Without prejudice to the foregoing, if the requirements of section 277 of the *Companies Act* are not met within the framework of the Second Implementation in order to distribute the Interim Dividend, the Company will make the Purchase Commitment in order for the shareholders to be able to monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price upon the terms and conditions described in section 3 below.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Interim Dividend.

### **3. Purchase Commitment within the Framework of the Second Implementation.**

If the requirements of section 277 of the *Companies Act* are not met to distribute the Interim Dividend within the framework of the Second Implementation, the Company will make the Purchase Commitment upon the terms described in this section in order to ensure that the shareholders can receive all or part of their remuneration in cash.

As soon as the Company verifies that the requirements of section 277 of the *Companies Act* are not met, it shall communicate this circumstance to the market.

The Fixed Purchase Price shall be calculated by applying the formula used to determine the Interim Dividend (see section 4.1 below), such that the amount that would be received by shareholders choosing this option would be equal to the amount they would have received if it had been possible to distribute the Interim Dividend. The Fixed Purchase Price shall be calculated prior to the commencement of the trading period for the free-of-charge allocation rights of the second Increase in Capital and shall be published as soon as it is determined.

The Purchase Commitment assumed by the Company shall cover the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to exercise the Purchase Commitment or, therefore, to receive the Fixed Purchase Price. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

The Purchase Commitment shall be in effect and may be accepted during such term as is established for these purposes by the Board of Directors (with express power of substitution), and which must in any case be included within the trading period for the free-of-charge allocation rights.

For these purposes, the Company is authorised to acquire said free-of-charge allocation rights, with a maximum limit of all rights issued in relation to the second Increase in Capital, but must in any case comply with applicable legal restrictions from time to time in effect.

The acquisition by the Company of the free-of-charge allocation rights as a result of the Purchase Commitment shall be carried out with a charge to the reserves contemplated in section 303.1 of the *Companies Act*.

The Company shall waive the new shares corresponding to the free-of-charge allocation rights that it has acquired by application of the Purchase Commitment. In such an event, pursuant to the provisions of section 311 of the *Companies Act*, there will be an incomplete allocation of the Increase in Capital

corresponding to the Second Implementation, and share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived.

#### 4. Common Characteristics of the Increases in Capital.

The amount of each of the Increases in Capital shall be the amount resulting from multiplying: (a) the nominal value of each share of the Company, equal to seventy-five euro cents, by (b) the total determinable number of new shares of the Company to be issued, in accordance with the formula set forth in section 4.1 below, on the date of each of the Implementations (the new shares of the Company issued by way of implementation of each of the Increases in Capital shall be collectively referred to as the “**New Shares**”, and each one, individually, as a “**New Share**”).

Both Increases in Capital shall be carried out, if at all, by means of the issuance and flotation, on their respective dates of implementation, of the New Shares, which shall be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in section 303.1 of the *Companies Act*. When implementing each of the Increases in Capital, the Board of Directors, with express power of substitution, shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

The New Shares shall be issued at par, i.e. at their nominal value of seventy-five euro cents, without a share premium, and shall be allocated without charge to the shareholders of the Company who have opted for this remuneration alternative.

Pursuant to the provisions of section 311 of the *Companies Act*, the possibility of an incomplete allocation of the Increases in Capital is contemplated in the event that the Company, a company within its group, a shareholder or a third party waives all or part of the free-of-charge allocation rights to which they are entitled at the time of implementation of each of the Increases in Capital, for which reason, in the event of such waiver, the share capital shall be increased by the corresponding amount. For these purposes, it shall be deemed that those who have chosen to receive their remuneration in cash by means of collecting the Dividend in question with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares, upon the terms and conditions set forth herein.

#### 4.1 New Shares to Be Issued in Each of the Increases in Capital.

The maximum number of New Shares to be issued in each of the Increases in Capital shall be the number resulting from the application of the following formula, with the resulting number being rounded to the next lower integer:

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where:

NNS = Maximum number of New Shares to be issued within the framework of the relevant Increase in Capital;

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors (with express power of substitution) resolves to implement the relevant Increase in Capital. In this regard, those shares of the Company that have previously been retired by virtue of the implementation of the resolution approving the reduction in share capital by means of the retirement of own shares submitted to the shareholders for approval at the General

Shareholders' Meeting under item number eight on the agenda, even if the corresponding public instrument formalising the reduction in share capital has not been executed or is pending registration with the Commercial Registry, shall not be deemed to be outstanding shares of the Company; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one New Share within the framework of the relevant Increase in Capital, which number will result from the application of the following formula, with the result being rounded to the next higher integer:

Num. rights = TNShrs. / Provisional number of shares

where:

Provisional number of shares = Amount of the Option / ListPri.

For these purposes, "**Amount of the Option**" shall mean the maximum reference market value of the relevant Increase in Capital to be set by the Board of Directors (with express power of substitution) and which shall not be greater than the amount referred to in the proposed increase in capital resolutions submitted for the approval of the shareholders at the General Shareholders' Meeting under items number thirteen and fourteen on the agenda (i.e. 1,625 and 1,415 million euros, respectively).

For its part, "**ListPri**" shall be the arithmetic mean of the average weighted listing prices of the Company's shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market) during the five trading sessions prior to the relevant resolution adopted by the Board of Directors (with express power of substitution) which determines the number of free-of-charge allocation rights needed for the allocation of one New Share in the relevant Increase in Capital, rounded to the closest one-thousandth part of one euro.

The maximum number of new shares to be issued thus calculated shall be rounded as required to obtain a whole number of shares (with the result being rounded to the next lower integer) and a ratio for the conversion of rights into shares that is also an integer (with the result being rounded to the next higher integer). In addition, and for the same purposes, the Company (or any entity within its group that holds shares of the Company) shall waive the corresponding free-of-charge allocation rights as provided in section 4.2 below.

Furthermore, the gross amount per share of the Dividend in question, or if the requirements of section 277 of the *Companies Act* are not complied with in the Second Implementation, the Fixed Purchase Price per free-of-charge allocation right will be that which results from the application of the following formula, rounding the result to the closest one-thousandth part of one euro:

Dividend (or, if applicable, Fixed Purchase Price) = ListPri / (Num. rights + 1)

#### 4.2 Free-of-charge Allocation Rights.

In each of the Increases in Capital, each outstanding share of the Company on the date of implementation of the corresponding Increase in Capital (TNShrs.) shall grant its holder one free-of-charge allocation right.

The number of free-of-charge allocation rights required to receive one New Share in each of the Increases in Capital shall be automatically determined according to the ratio existing between the number of outstanding shares of the Company on the date of implementation of

the relevant Increase in Capital (TNShrs.) and the provisional number of New Shares, calculated by using the formula contained in section 4.1 above. Specifically, the holders of free-of-charge allocation rights shall be entitled to receive one New Share for the number of free-of-charge allocation rights held by them, which shall be determined as provided in section 4.1 above (Num. rights).

In the event that the number of free-of-charge allocation rights required for the allocation of one New Share (Num. rights) multiplied by the number of New Shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of implementation of the corresponding Increase in Capital (TNShrs.), the Company (or such entity within its group, if any, as holds shares of the Company) shall waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares be a whole number and not a fraction.

The free-of-charge allocation rights shall be allocated to those who are registered as being entitled thereto in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. In this regard, the Company shall waive the free-of-charge allocation rights corresponding to the shares of the Company that have been retired prior to the date of implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) because the corresponding public instrument formalising the implementation of the resolution approving the reduction in capital has not yet been executed or is still pending registration.

The free-of-charge allocation rights shall be transferable upon the same terms as the shares from which they derive. The free-of-charge allocation rights may be traded on the market during such term as is established by the Board of Directors (with express power of substitution) in implementing the relevant Increase in Capital, which term shall not be less than fifteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares. Notwithstanding the foregoing, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring party the right to choose to receive the corresponding Dividend (or, if applicable, to exercise the Purchase Commitment and receive the Fixed Purchase Price). Therefore, the new holders of these free-of-charge allocation rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Therefore, during the trading period for the free-of-charge allocation rights, subject to any other terms and conditions established by the Board of Directors (with express power of substitution), the holders of the free-of-charge allocation rights may choose between:

- (a) receiving their remuneration in New Shares, in which case, at the end of the period for trading the free-of-charge allocation rights, they shall be allocated the New Shares to which they are entitled pursuant to the terms and conditions of the implementation of the Increase in Capital in question;
- (b) transferring all or part of their free-of-charge allocation rights on the market, in which case the consideration that the holders of the free-of-charge allocation rights will receive for the sale thereof will depend on the listing price of said rights; or



- (c) only during the Common Election Period determined by the Board of Directors (with express power of substitution), receiving their remuneration in cash by collecting the corresponding Dividend (or, if applicable, by collecting the Fixed Purchase Price), for which purpose the shareholders shall be required to make an express election in this regard. The shareholders may choose to receive their cash remuneration with respect to all or part of their shares.

In this case, it shall be deemed that those choosing to receive their remuneration in cash with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and the ability to transfer them on the market. To this end, the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) will block said free-of-charge allocation rights, which may not be transferred on the market and which shall automatically expire at the end of the trading period, without the holders thereof being entitled to receive New Shares.

As mentioned above, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring parties the right to choose to receive the Dividend (nor, if applicable, the Fixed Purchase Price). Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Based on their preferences and needs, the Company’s shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above with respect to different groups of shares that each of them own.

Iberdrola assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holder of free-of-charge allocation rights to communicate to the entities with which their rights are deposited regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. Iberdrola assumes no liability for a breach of this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or for accepting them after the passage of said period, or for any other reason), for which reason any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

Based on the response of the General Tax Authority (*Dirección General de Tributos*) (the “DGT”) to a request for binding consultation submitted by the Company (the “**Consultation**”)<sup>1</sup>, it is possible that a portion of the free-of-charge allocation rights or of the shares issued in the Increase in Capital in favour of persons subject to the Corporate Income Tax or the Non-Resident Income Tax acting through a permanent establishment in Spain will be subject to some type of deduction or withholding by the Company to be able to make the payment on

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1 The *Resolution of 5 March 2019 of the Accounting and Statutory Auditing Institute developing the standards for presentation of financial instruments and other accounting aspects relating to the commercial regulation of capital enterprises*, which entered into force on 1 January 2020 (the “**ICAC Resolution**”), affects the accounting treatment of the delivery of free-of-charge allocation rights and of bonus shares. The new accounting treatment may affect the tax treatment of the “Iberdrola Flexible Remuneration” optional dividend system. For these purposes, the Company has submitted a Consultation to the DGT to clarify the potential impact of the ICAC Resolution on the “Iberdrola Flexible Remuneration” system.

account of any tax that must be applied to these shareholders by the Company. In any event, the Company shall duly report the details of any such deduction or withholding.

Notwithstanding the foregoing, and without prejudice to the Company using its best efforts to apply said deduction or withholding on the terms determined by the DGT (if any), if the deduction or withholding from the free-of-charge allocation rights or the bonus shares to make the payment on account of the corresponding tax cannot be made due to technical or other reasons, the Company shall assume no liability to the shareholders, holders of the free-of-charge allocation rights or any other third parties who might be affected by this circumstance.

#### **4.3 Balance Sheet for the Transaction and Reserve with a Charge to which the Increases in Capital are Carried Out.**

The balance sheet used as a basis for the two Increases in Capital is the one for the financial year ended 31 December 2019, duly audited and submitted to the shareholders for approval at this General Shareholders' Meeting under item number one on the agenda.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in section 303.1 of the *Companies Act*. When implementing each of the Increases in Capital, the Board of Directors, with express power of substitution, shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

#### **4.4 Representation of the New Shares.**

The New Shares will be represented by book entries, the book-entry registration of which is entrusted to "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) and its member entities.

#### **4.5 Rights Attaching to the New Shares.**

As from the date on which the relevant Increase in Capital is declared to be subscribed and paid up, the New Shares shall grant the holders thereof the same financial, voting and like rights as the ordinary shares of the Company then outstanding.

#### **4.6 Shares on Deposit.**

Once the period for trading the free-of-charge allocation rights during each of the Increases in Capital has ended, the New Shares that could not be allocated for reasons not attributable to the Company shall be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three years have passed from the end of each of the periods for trading the free-of-charge allocation rights, the New Shares issued by virtue of the relevant Increase in Capital that are still pending allocation may be sold in accordance with the provisions of section 117 of the *Companies Act*, at the expense and peril of the interested parties. The cash amount from such sale shall be deposited with Banco de España or with Caja General de Depósitos at the disposal of the interested parties.

#### **4.7 Application for Admission to Trading.**

The Company shall make application for trading the New Shares to be issued as a consequence of each of the Increases in Capital on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), and shall carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to

trading of the New Shares issued as a result of each of the approved Increases in Capital, with an express statement for the record of the Company's submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued trading and removal from trading on official markets.

Any subsequent request for removal from trading of the shares of the Company shall be adopted with the same formalities as those that apply to the application for trading and, in such event, the interests of the shareholders opposing or not voting on the resolution to remove shall be safeguarded, in compliance with the requirements set out in applicable law at such time.

## **5. Implementation of the “Iberdrola Flexible Remuneration” Optional Dividend System Implementations.**

Within a period of one year from the date of approval of this resolution, the Board of Directors (with express power of substitution) may set the date on which each of the Implementations must be carried out and set the terms and conditions thereof as to all matters not provided for in this resolution (including, in particular, the Amount of the Option corresponding to each of the Implementations and the Supplementary Dividend).

Furthermore, it is expected that prior to 31 December 2020, the Board of Directors will determine the Interim Dividend to be paid for purposes of the Second Implementation as well as the other conditions applicable to the Interim Dividend, pursuant to the provisions of section 277 of the *Companies Act*. To this end, and in accordance with the provisions of section 161 of the *Companies Act*, the shareholders acting at this General Shareholders' Meeting hereby instruct the Board of Directors, if the requirements established in section 277 of the *Companies Act* are met, to approve the distribution of the Interim Dividend and set the terms and conditions applicable to the corresponding Dividend Payment, all in order to carry out the Second Implementation.

Notwithstanding the foregoing, if the Board of Directors (with express power of substitution) does not deem it advisable to carry out one or both Implementations, in whole or in part, within the aforementioned period, it may refrain from doing so, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting.

Specifically, the Board of Directors (with express power of substitution) shall analyse and take into account the market conditions, the circumstances of the Company itself or those deriving from an event that has social or financial significance for the Company, and if these or other factors make it inadvisable, in its opinion, to carry out one or both Implementations, it may refrain from doing so. In addition, the resolutions of the shareholders at this General Shareholders' Meeting relating to the Supplementary Dividend and to the Increases in Capital shall be deprived of any and all effect in the event that the Board of Directors does not exercise the powers delegated thereto or, in the case of the Second Implementation, does not approve the distribution of the Interim Dividend or honour the Purchase Commitment, within a period of one year from approval of the resolutions.

Once the period for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital has ended, the following shall apply:

- (a) The New Shares shall be allocated to those who, according to the book-entry records maintained by “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) and its participants, are the holders of free-of-charge allocation rights in the proportion resulting from section 4 above due to not having waived them upon the terms set forth above.

- (b) The period for trading the free-of-charge allocation rights shall be declared to have ended and the appropriation of the account(s) with a charge to which the relevant Increase in Capital will be implemented shall be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.
- (c) The Company shall pay the Supplementary Dividend or the Interim Dividend (or, if the requirements of section 277 of the *Companies Act* are not met within the framework of the Second Implementation, the Fixed Purchase Price), as applicable, to the shareholders that have expressly chosen this remuneration option within the period and subject to the terms and conditions determined for these purposes by the Board of Directors (with express power of substitution), pursuant to the provisions of section 2 above.

Likewise, once each of the periods for trading the free-of-charge allocation rights has ended, the Board of Directors (with express power of substitution) shall adopt the resolutions required to amend the *By-Laws* so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the relevant Increase in Capital, and to make application for trading of the resulting New Shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market).

## 6. Delegation to Carry Out Each of the Implementations.

In particular, and by way of example only, the following powers are delegated to the Board of Directors (with express power of substitution):

- (a) To set the date on which each of the Implementations must be carried out, which shall in any case be within a period of one year from the approval of this resolution, and to determine the specific schedule for each of the Implementations.
- (b) As regards each of the Implementations, to set the Amount of the Option, the amount of the Supplementary Dividend (in the case of the First Implementation), the number of New Shares and the number of free-of-charge allocation rights necessary for the allocation of one New Share, applying the rules established by this resolution for such purpose.
- (c) To determine the reserve(s), among those contemplated in this resolution, with a charge to which each of the Increases in Capital will be implemented.
- (d) To designate the company or companies that will assume the duties of agent and/or financial adviser in connection with each of the Implementations, and sign all required contracts and documents for such purpose. In particular, to appoint the entity that must act as paying agent in each of the Dividend Payments.
- (e) To set the duration of the periods for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital.
- (f) As regards each of the Implementations, to set the specific duration of the Common Election Period and the terms and conditions under which the shareholders may state their preferences regarding the receipt of their remuneration (in cash or in New Shares).
- (g) After the Common Election Period for each Implementation has ended, to determine the aggregate gross amount in euros corresponding to the Dividend Payment in question and to make payment thereof through the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR).

- (h) To declare the Increases in Capital to be closed and implemented, for such purpose setting the number of New Shares actually allocated in each of them, and therefore the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting, as well as declare, if applicable, the existence of an incomplete allocation of each of the Increases in Capital.
- (i) To rescind the resolution on distribution of the corresponding Dividend with respect to the amounts that were not distributed to those shareholders who elected (expressly or implicitly) to receive New Shares.
- (j) In the case of the First Implementation, to determine the aggregate total amount to be distributed as a dividend with a charge to the results for the financial year ended 31 December 2019 pursuant to the provisions of item number twelve on the agenda (i.e. the final amount of the Supplementary Dividend), to specify, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and distribution of the dividend for financial year 2019.
- (k) In the case of the First Implementation and if the Board of Directors, with express power of substitution, does not deem it appropriate to implement the First Implementation, in whole or in part, during said period, to determine the aggregate total amount that has been distributed as a dividend with a charge to the results for the financial year ended 31 December 2019 (which shall be equal to the total amount paid on account of the dividend for said financial year), to specify the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and distribution of the dividend for financial year 2019.
- (l) To amend the article of the *By-Laws* setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the relevant Increase in Capital.
- (m) To waive, if appropriate, and in each of the Increases in Capital, the free-of-charge allocation rights to subscribe New Shares for the sole purpose of facilitating that the number of New Shares be a whole number and not a fraction, as well as any free-of-charge allocation rights allocated to shares of the Company that have been retired prior to the date of implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) because the corresponding public instrument formalising the implementation of the resolution approving the reduction in capital has not yet been executed or is still pending registration.
- (n) If the Purchase Commitment must be honoured within the framework of the Second Implementation due to the requirements of section 277 of the Companies Act for the distribution of the Interim Dividend not having been met, to determine the acquisition by the Company of the corresponding free-of-charge allocation rights, set the period of time during which the Purchase Commitment will be in effect (within the limits established in the resolutions), honour the Purchase Commitment by paying the corresponding amounts to the shareholders who have accepted said commitment, waive the free-of-charge allocation rights owned by the company at the end of the trading period of the Second Implementation as a result of the Purchase Commitment, and thus the New Shares corresponding to such rights, and take any other measures or actions needed to fully honour the Purchase Commitment.
- (o) To take all steps required for the New Shares to be included in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores,



S.A.U.” (IBERCLEAR) and admitted to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges through the Automated Quotation System (Continuous Market) after each of the Increases in Capital.

- (p) To take any actions that are necessary or appropriate to implement and formalise each of the Increases in Capital before any Spanish or foreign public or private entities or agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.
- (q) In order to facilitate compliance by Iberdrola with the DGT’s answer to the Consultation or any changes that may be made subsequent to the adoption of this resolution in the tax rules applicable to the “Iberdrola Flexible Remuneration” optional dividend system, to approve and implement the mechanisms that are necessary or appropriate for these purposes, and particularly (without limitation):
  - (i) To deduct or withhold in any way a portion of the free-of-charge allocation rights or of the bonus shares deriving from the Increases in Capital such that the shareholders or holders of the free-of-charge allocation rights do not receive these rights or shares, as applicable.
  - (ii) To transfer the free-of-charge allocation rights deducted or withheld on the market in order to make the corresponding payment on account with the proceeds from the sale.
  - (iii) To transfer the shares deducted or withheld on the market in order to make the corresponding payment on account with the proceeds from the sale.
  - (iv) To acquire the free-of-charge allocation rights deriving from the Increases in Capital (including any that have been deducted or withheld) at a guaranteed fixed price (which must be calculated in accordance with the formula used to determine each of the Dividends (see section 4.1 above)) in order to monetise the rights that may be needed to make the corresponding payment on account.
  - (v) To approve and implement such technical or other mechanisms that “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) and the IBERCLEAR participants deem necessary or appropriate in order to make any corresponding payment on account.

## 7. Sample Calculation relating to the First Implementation.

Set out below, solely for purposes of facilitating an understanding of the application hereof, is a sample calculation, in the case of the First Implementation, of the maximum number of new shares to be issued in the increase in capital submitted for the approval of the shareholders at the General Shareholders’ Meeting under item number thirteen on the agenda, of the maximum nominal value of such increase, of the number of free-of-charge allocation rights required for the allocation of one new share and of the Dividend (which in this First Implementation would be equal to the Supplementary Dividend).

The results of these calculations are not representative of those that might be obtained, which, in the case of the First Implementation, will depend on the different variables used in the formulas (basically, the listing price of Iberdrola shares at that time (ListPri) and the Amount of the Option, as determined by the Board of Directors (with express power of substitution) in exercise of the power delegated by the shareholders at the General Shareholders’ Meeting).

Solely for the purposes of this example:

- The Amount of the Option is 1,435 million euros.
- The TNShrs. is 6,240,000,000 <sup>2</sup>.
- A ListPri of 11.035 euros is assumed (solely for the purposes of this example, the listing price of the Iberdrola shares at the closing of the trading session of 20 February 2020 has been used as a reference).

Therefore:

Provisional number of shares = Amount of the Option / ListPri	$1,435,000,000.00 / 11.035 = 130,040,779.3384690 = 130,040,779$ shares  (rounded downwards)
Num. rights = TNShrs. / Provisional number of shares	$6,240,000,000 / 130,040,779 = 47.98494786008630 = 48$ rights  (rounded upwards)
NNS = TNShrs. / Num. rights	$6,240,000,000 / 48 = 130,000,000$ shares
Dividend = ListPri / (Num. rights + 1)	$11.035 / (48 + 1) = 0.2252040816326530 = 0.225$ euros  (rounded to the closest one-thousandth part of one euro)

Therefore:

- The maximum number of shares to be issued in the First Implementation would be 130,000,000.
- The maximum nominal amount of the increase in capital submitted for approval of the shareholders at the General Shareholders' Meeting under item number thirteen on the agenda would be 97,500,000.00 euros (130,000,000 x 0.75).
- 48 free-of-charge allocation rights (or old shares) would be necessary for the allocation of one new share <sup>3</sup>.
- In this example, the Supplementary Dividend would be equal to 0.225 euro (gross) per share.

<sup>2</sup> For purposes of this example, it is assumed that this would be the total number of shares of the Company outstanding after the implementation of the reduction in capital provided for in the resolution corresponding to item number eight on the agenda if it is implemented in the total maximum amount thereof (i.e. 6,240,000,000 outstanding shares of the Company).

<sup>3</sup> In this example, the Company (or an entity of its group that holds shares of the Company) would be required to waive 0 free-of-charge allocation rights corresponding to 0 own shares in order for the number of shares to be issued to be an integer.

## ITEM NUMBER FIFTEEN ON THE AGENDA

Consultative vote regarding the *Annual Director Remuneration Report 2019*.

### RESOLUTION

To approve, on a consultative basis, the *Annual Director Remuneration Report* for financial year 2019.

## ITEM NUMBER SIXTEEN ON THE AGENDA

Strategic bonus for the professionals of the Iberdrola group linked to the Company's performance during the 2020-2022 period, to be paid through the delivery of shares.

### RESOLUTION

To approve, pursuant to the provisions of section 219 of the *Companies Act* and article 48.4 of the *By-Laws* of IBERDROLA, S.A. (the "**Company**"), the establishment of a strategic bonus to be paid by means of the delivery of shares of the Company and directed to the executive directors, officers and other professionals of the Company and of its subsidiaries (the "**2020-2022 Strategic Bonus**"), in accordance with the following terms:

#### 1. Description.

The 2020-2022 Strategic Bonus is configured as a long-term incentive tied to the Company's performance with respect to the Outlook 2018-2022 approved by the Board of Directors and any updates presented to investors (the "**Outlook**"). The Company's performance at 31 December 2022 will be evaluated based on the following financial, business and sustainable development parameters, which present a challenging scenario for a company that continues with its profitable growth, is financially sound and is committed to the Sustainable Development Goals:

- 1) Exceed the current Outlook. In view of the results for 2019, which is a noteworthy milestone in reaching the Outlook and in the investments planned for coming years, the objective for the Iberdrola group's consolidated net profit during financial year 2022 is set at €4,200 million, fully exceeding the range of €3,700 million - €3,900 million set in the Outlook. It will be deemed that this parameter is not met if consolidated net profit at year-end 2022 does not exceed the low range of the Outlook (€3,700 million).
- 2) Increase in total shareholder return during the 2020-2022 compared to total shareholder return for the Euro Stoxx Utilities Index. Although the increase in Iberdrola's share price has exceeded the benchmark index by 8.4 percentage points in 2019 and by 42 percentage points over the last five years, Iberdrola is setting a new objective to once again surpass the Euro Stoxx Utilities Index by 5 percentage points during the 2020-2022 period. It will be deemed that this parameter is not met if total shareholder return is at least 5 percentage points lower than that of the Euro Stoxx Utilities Index, even if in this scenario Iberdrola's total return by the end of the 2020-2022 period would exceed the return on such index by 15 percentage points over a 5-year period.
- 3) Improve financial strength measured through the FFO/net debt ratio. The object to be reached is set as a ratio at year-end 2022 of at least 22%, with this objective being deemed not to have been met if said ratio is less than that of year-end 2019.
- 4) Parameters relating to the Sustainable Development Goals ("**SDGs**").

- i. Reduction in intensity of the Iberdrola group's CO<sub>2</sub> emissions, with reference to SDG number 7 and 13. This parameter will be deemed to have been met if a level of 105 gr CO<sub>2</sub>/kWh in average intensity of own emissions of CO<sub>2</sub> during the 2020-2022 period is met, taking into account a normal rainfall period. It will be deemed that this goal is not met if the intensity is not reduced on such terms to below the average levels for the period 2017-2019. This objective is an enormous challenge, as Iberdrola's emissions volume in 2019 was already 66% below that of comparable European companies and 10% below that of what other companies in the industry have set as their objective for 2030.
- ii. Increase the number of suppliers subject to sustainable development policies and standards, such as having: (i) a human rights strategy, (ii) a code of conduct for their suppliers, (iii) health and safety standards (SDG number 3), and (iv) a global environmental sustainability strategy, including strategies regarding water (SDG number 6), energy (SDG number 7) and biodiversity (SDG numbers 14 and 15).
- iii. An ambitious objective is set for at least 70% of the company's main suppliers (those billing Iberdrola with a volume of more than one million euros) being subject to these policies by 2022. It will also be deemed that this parameter is not met if the number is equal to that at year-end 2019, i.e. 50%, by year-end 2022.
- iv. End the wage gap between women and men at the Iberdrola group level by year-end 2022, in line with SDG number 5. It will be deemed that this parameter is not met if there is a wage gap of 2% or more between women and men.

The specific weight of each of these parameters in the overall evaluation of performance during the 2020-2022 period will be 30% for both the first and fourth parameters and 20% for the second and third parameters. Each of the indicators will contribute 10 percentage points in the fourth parameter.

## **2. Beneficiaries.**

The 2020-2022 Strategic Bonus is intended for the executive directors, officers and other professionals of the Company and its group who, due to their position or their responsibility, are deemed to decisively contribute to the creation of value and are included in the 2020-2022 Strategic Bonus during the term thereof pursuant to the resolutions adopted by the Board of Directors in implementation thereof, with a maximum of 300 beneficiaries.

## **3. Amount.**

The maximum number of shares to be delivered to the beneficiaries of the 2020-2022 Strategic Bonus as a whole shall be 14,000,000 shares, equal to 0.22% of the share capital at the time of adoption of this resolution, of which an estimated amount of 2,500,000 shares will correspond to executive directors at any particular time, equal to 0.04% of the share capital and representing 17.86% of the maximum number of shares to be delivered to all of the beneficiaries at the time of adoption of this resolution.

## **4. Term of the 2020-2022 Strategic Bonus.**

The 2020-2022 Strategic Bonus has a term of six years, within which the period between financial years 2020 and 2022 shall be the performance level evaluation period with respect to the targets to which the 2020-2022 Strategic Bonus is linked and the period between financial years 2023 and 2025 shall be the payment period, with payment to be made by means of the delivery of shares on a deferred basis over such three-year period.

## **5. Evaluation, Payment, Cancellation and Reimbursement.**

The Board of Directors, after a report from the Remuneration Committee, shall evaluate the performance of the Company regarding the goals listed in section 1 of this resolution.

The reference parameters mentioned in said section are formulated based on the current situation and circumstances of the Company. In this connection, in order to engage in a proper overall evaluation of performance, any circumstances occurring after the approval of this 2020-2022 Strategic Bonus that have a material impact on the Outlook or on the main economic/financial and development variables of the Company (major change in the Outlook, corporate transactions, mergers, split-offs, acquisitions, extraordinary dividends, etc.) must be taken into account.

At the end of the evaluation period, the 2020-2022 Strategic Bonus shall accrue annually and in equal parts, during the first half of 2023 and during the first quarter of 2024 and 2025. Each annual accrual and the corresponding payment thereof must be approved by the Board of Directors, after a report from the Remuneration Committee. In this connection, during 2024 and 2025 and for each delivery of shares there will be an evaluation of whether to confirm or cancel, totally or partially, the payment corresponding to each financial year, and, if applicable, to claim the complete or partial reimbursement of the shares already delivered (or the amount thereof in cash) in the event of a material restatement of the financial statements on which the Board of Directors based the evaluation of the performance level, provided that said restatement is confirmed by the external auditors and is not due to a change in accounting rules.

Executive directors who are beneficiaries of the 2020-2022 Strategic Bonus may not transfer the shares delivered for a period of three years unless they are the direct or indirect owners of a number of shares equal to two times their annual fixed remuneration or unless the Board of Directors so authorises in exceptional circumstances.

## **6. Delegation of Powers.**

To delegate to the Board of Directors, with express power of substitution, the powers necessary to implement, develop, formalise, execute and pay the 2020-2022 Strategic Bonus, adopting any resolutions and signing any public or private documents that may be necessary or appropriate for the full effectiveness thereof, including the power to correct, rectify, amend, or supplement this resolution. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

- (a) To designate the beneficiaries of the 2020-2022 Strategic Bonus, whether at the time of the establishment thereof or subsequent thereto and determine the maximum number of shares allocated to each beneficiary.
- (b) To revoke, if and when appropriate, any designations or allocations of shares previously made.
- (c) To establish the terms and conditions of the 2020-2022 Strategic Bonus as to all matters not provided for in this resolution within the framework of the existing contracts with the beneficiaries, including, among other things, events of early payment.
- (d) To formalise and implement the 2020-2022 Strategic Bonus in the manner it deems appropriate, taking all actions required for the best implementation thereof.
- (e) To draft, sign and submit to any public or private entity any notices and documents, whether public or private, that may be necessary or appropriate for the implementation and execution of the 2020-2022 Strategic Bonus.
- (f) To take any action, make any statement or carry out any proceedings at any public or private body, entity or registry in order to obtain any authorisation or verification necessary to implement and execute the 2020-2022 Strategic Bonus.
- (g) If applicable, to designate the banking institution or institutions, depositaries or custodians that are to provide services to the Company in connection with the formalisation and administration of the 2020-2022 Strategic Bonus, and to negotiate, agree upon and sign the relevant contracts with the banking institution or institutions thus selected, as well as such other contracts or



agreements as may be appropriate with any other entities and, if applicable, with the beneficiaries, for the implementation and execution of the 2020-2022 Strategic Bonus, upon such terms and conditions as it deems appropriate.

- (h) To evaluate the level of performance with respect to the targets to which the 2020-2022 Strategic Bonus is tied and proceed with the payment thereof, for which purposes it may seek the advice of an independent expert, where appropriate.
- (i) And, in general, to perform all such acts and sign all such documents as may be necessary or appropriate for the validity, effectiveness, implementation, development, execution, payment and proper completion of the 2020-2022 Strategic Bonus.

Pursuant to the provisions of section 249.2 of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

## **ITEM NUMBER SEVENTEEN ON THE AGENDA**

**Appointment of Ms Nicola Mary Brewer as independent director.**

### **RESOLUTION**

To appoint Ms Nicola Mary Brewer as director, at the proposal of the Appointments Committee, for the bylaw-mandated four-year term, with the classification of independent director.

## **ITEM NUMBER EIGHTEEN ON THE AGENDA**

**Appointment of Ms Regina Helena Jorge Nunes as independent director.**

### **RESOLUTION**

To appoint Ms Regina Helena Jorge Nunes as director, at the proposal of the Appointments Committee, for the bylaw-mandated four-year term, with the classification of independent director.

## **ITEM NUMBER NINETEEN ON THE AGENDA**

**Re-election of Mr Íñigo Víctor de Oriol Ibarra as other external director.**

### **RESOLUTION**

To re-elect Mr Íñigo Víctor de Oriol Ibarra as director, after a report from the Appointments Committee, for the bylaw-mandated four-year term, with the classification of other external director.

## **ITEM NUMBER TWENTY ON THE AGENDA**

**Re-election of Ms Samantha Barber as independent director.**

### **RESOLUTION**

To re-elect Ms Samantha Barber as director, at the proposal of the Appointments Committee, for the bylaw-mandated four-year term, with the classification of independent director.

## ITEM NUMBER TWENTY-ONE ON THE AGENDA

**Setting of the number of members of the Board of Directors at fourteen.**

### RESOLUTION

To set the number of members of the Board of Directors at fourteen.

## ITEM NUMBER TWENTY-TWO ON THE AGENDA

**Authorisation to increase the share capital upon the terms and within the limits set out by law, with the power to exclude pre-emptive rights, limited to a maximum overall amount of 10% of the share capital.**

### RESOLUTION

To authorise the Board of Directors to increase the share capital on one or more occasions and at any time upon the terms and within the limits set out in section 297.1.b) of the *Companies Act*, i.e. within a term of five years from the date of approval of this resolution and by up to one-half of the current share capital.

Increases in share capital under this authorisation shall be carried out through the issuance and flotation of new shares with or without a premium the consideration for which shall be cash contributions.

In each increase, the Board of Directors shall decide whether the new shares to be issued are ordinary, preferred, redeemable, non-voting or any other kinds of shares among those permitted by law.

As to all matters not otherwise contemplated, the Board of Directors may establish the terms and conditions of the increases in share capital and the characteristics of the shares, and may also freely offer the new shares that are not subscribed for within the period or periods for the exercise of pre-emptive rights. The Board of Directors may also resolve that, in the event of incomplete subscription, the share capital shall be increased only by the amount of the subscriptions made, and amend the article of the *By-Laws* relating to share capital.

In connection with the increases in share capital that may be carried out under this authorisation, the Board of Directors is authorised to totally or partially exclude pre-emptive rights as permitted by section 506 of the *Companies Act*, provided, however, that such power shall be limited to increases in share capital carried out pursuant to this authorisation and to the authorisation contemplated in item number twenty-three on the agenda up to a maximum amount equal, in the aggregate, to 10% of the share capital on the date this resolution is adopted.

The Company shall, when appropriate, make application for the admission to trading of the shares issued under this authorisation on Spanish or foreign, official or unofficial, organised or other secondary markets, and the Board of Directors shall be authorised to carry out all acts and formalities that may be required for admission to listing with the appropriate authorities of the various Spanish or foreign securities markets.

Pursuant to the provisions of section 249.2 of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

## ITEM NUMBER TWENTY-THREE ON THE AGENDA

**Authorisation to issue debentures that are exchangeable for and/or convertible into shares and warrants in the amount of up to 5,000 million euros, for a term of five years, with the power to exclude pre-emptive rights, limited to a maximum overall amount of 10% of the share capital.**

### RESOLUTION

#### 1. Authorisation to the Board of Directors to Issue Securities.

To authorise the Board of Directors to issue debentures and bonds exchangeable for shares of the Company or of any other company and/or convertible into shares of the Company, as well as warrants (options to subscribe for new shares of the Company or to acquire outstanding shares of the Company or of any other company).

#### 2. Term.

The issuance of the securities covered by the authorisation may be effected on one or more occasions within a maximum period of five years following the date of approval of this resolution.

#### 3. Maximum Amount.

The maximum total amount of the issuance(s) of securities approved under this authorisation shall be up to 5,000 million euros or the equivalent thereof in another currency. For purposes of calculation of the aforementioned limit, in the case of warrants, the sum of the premiums and exercise prices of the warrants on issuances approved under this authorisation shall be taken into account.

#### 4. Scope.

For each issuance, the Board of Directors shall be authorised to, among other things, determine the amount thereof, always within the above-mentioned overall quantitative limit, the place of issuance (in Spain or abroad) and the domestic or foreign currency and, in the case of foreign currency, its equivalence in euros; the specific instrument to be issued, whether bonds or debentures, including subordinated bonds or debentures, warrants (which may in turn be settled by means of the physical delivery of the shares or, if applicable, through the payment of differences in price), or any other form permitted by law; the date or dates of issuance; the number of securities and the nominal value thereof, which, in the case of convertible and/or exchangeable bonds or debentures, shall not be less than the par value of the shares; in the case of warrants and similar securities, the issue price and/or premium, the exercise price (which may be fixed or variable) and the procedure, period and other terms and conditions applicable to the exercise of the right to subscribe for the underlying shares or, if applicable, the exclusion of such right; the interest rate (whether fixed or variable); the dates and procedures for payment of the coupon; whether the instrument issued is perpetual or subject to repayment and, in the latter case, the period for repayment and the maturity date or dates; guarantees, reimbursement rate, premiums and lots; the form of representation, as securities or book entries; the establishment of anti-dilution provisions; the rules applicable to subscription; the rank of the securities and the subordination clauses, if any; the law applicable to the issuance; the power to make application, where appropriate, for the trading of the securities to be issued on Spanish or foreign, official or unofficial, organised or other secondary markets, subject to the requirements established by applicable regulations in each case and, in general, any other terms of the issuance, as well as, if applicable, the appointment of the security-holders' syndicate representative (*comisario*) and the approval of the basic rules that are to govern the legal relations between the Company and the syndicate of holders of the securities to be issued in the event that such syndicate must or is decided to be created.

In addition, the Board of Directors is authorised such that, when it deems it appropriate and subject, if applicable, to any appropriate authorisations being secured and to the consent of security-holders coming together at a meeting of the corresponding syndicates of security-holders, it may modify the











