1. **Background to the Challenge**

Iberdrola has over 1.1 million kilometres of electricity transmission and distribution lines spread throughout the United States, Brazil, the UK and Spain. This network comprises over 4,400 high-to medium-voltage substations and more than 1.5 million medium- to low-voltage distribution transformers built and operated to provide a high-quality and reliable service to a total of 31 million electricity supply points.

The electricity system, of which Iberdrola's networks are a part, is subject to energy losses that must be correctly identified, categorised and accounted for to avoid additional costs for end customers and society at large. These losses are normally divided into two types, technical losses, caused in the network installations by the operation of the system itself, and non-technical losses, mainly due to fraud, such as illegal connections and meter tampering.

To identify non-technical losses in its areas of influence, Iberdrola has several mechanisms in place based on the Group's accumulated experience and knowledge. However, there are areas of the network, particularly in Brazil, where the challenge of detecting and reducing network losses is especially troublesome. By installing smart meters, network sensors and other measurement instruments, the company has succeeded in reducing losses significantly, but it is still on the lookout for additional mechanisms that will allow it to further improve in this area.

2. **Description of the Challenge**

In this context, the challenge is to find innovative solutions for identifying and reducing non-technical losses, particularly in Brazil. Iberdrola is looking for proposals for finding new devices and tools that allow identifying areas with significant non-technical losses, thereby helping the company to reduce overall system energy losses and increasing the success rate of inspection visits.

The challenge is launched within the framework of the new **Global Smart Grids Innovation Hub**. Iberdrola will make the Hub a worldwide smart grid benchmark through open collaboration and co-working between i-DE technicians, suppliers, start-ups and different organisations from all around the world.

**Inversiones Financieras Perseo, S.L.**, Iberdrola's venture capital vehicle (hereinafter "**Perseo**"), is launching this Challenge to find competitive, innovative solutions that will reduce non-technical losses from the distribution network (hereinafter the **Challenge**).

The evaluation of these proposals will take into account:

- The reliability of the solution.
- Ease of installation and maintenance
- Total cost (both initial and recurring)

The proposals will be analyzed based on criteria of scalability, robustness and ease of implementation and use. The proposals will be analysed by experts from Iberdrola's Network Business.
3. Participants

Candidates taking part in this Challenge (the “Participant/s”) may be individuals or entities.

In either case, the Participants and/or team members must be at least 18 years old, be of legal age and have full legal capacity in the jurisdiction where they live.

If you take part in the Challenge through a team or a legal entity, the proposal must be presented by a representative who will be the only valid interlocutor during the Challenge and they will be empowered to represent the team and will be liable vis-à-vis the team or legal entity.

4. Overview

The Participant will submit the information to https://connect.startus.cc/iberdrola-startup-challenge-non-technical-losses-electricity/ in relation to the Challenge described in section 2 (collectively referred to as the “Proposal”).

Each Participant may submit one or more Proposals.

Participation in this Challenge does not give any protection regarding intellectual property rights against third parties. We recommend that Participants take steps to protect their intellectual property rights before submitting their Proposal.

By submitting the Proposal, the Participant agrees to this regulation and declares, under their own responsibility, that they are the owner of or have rights to use any intellectual property rights relating to the proposal and there are no conflicts of interest.

Perseo and/or the relevant Iberdrola group company reserve the right to reject any Proposals that do not comply with this regulation.

5. Prize

The prize will consist of us signing a collaboration and proof of concept agreement with Perseo and/or any other relevant Iberdrola group company and on a direct membership as a collaborator / associate of the Global Smart Grids Innovation Hub.

Perseo and/or the relevant company will:

i. assume the costs of the collaboration and the proof of concept;
ii. provide the winner with the necessary technical support to test the solution proposed, giving access to equipment, appliances, infrastructure, high technology sites and joint work areas; and
iii. provide the winner with a real environment and real data to test the solution.

If the assay or proof of concept is satisfactory, Perseo and/or the relevant company, directly or indirectly through another Iberdrola group company, may offer the Participant the opportunity to scale up the solution by means of commercial agreements.

In addition, Perseo may consider investing in the Participant and/or Challenge winner.

In relation to the participation in the Global Smart Grids Hub, the start-up will be included directly in the process of joining Iberdrola’s Global Smart Grids Innovation Hub, as one more collaborator who will be able to benefit from the services, activities and resources that are made available in the GSGIHub. Among them:
1. Availability of coworking space and access to laboratories.
2. Training and talent attraction services.
3. Secretariat and coordination of technological activities.
4. Consultancy specialized in mechanisms for the protection of Intellectual Property (IP) in business collaboration projects, which provides support in the preparation of documents.
5. Identification and request for sources of public funding for collaborative projects.
6. Reception of technological surveillance reports/Competitive intelligence.
7. Advertising in dissemination activities.
8. Possibility of participation in “networking” activities.

Winning the Challenge gives no rights other than the prize described.

Perseo may choose the winner according to its own criteria and may declare the competition void if none of the proposals fulfils its expectations.

6. Statements and guarantees:

By taking part in the Challenge, the Participant manifests and guarantees that:

1. The information contained in the Proposal presented is correct, reliable and complete.
2. The Participant holds all rights, including but not limited to all intellectual property rights and has obtained each and every consent, approval and licence necessary to present the Proposal and take part in the Challenge. No third party rights are infringed.
3. Perseo and/or the relevant Iberdrola group company do not need to verify the authenticity of the ownership of the rights over the Proposal and the exclusive responsibility for any problems arising from claims from any third parties that may arise rests with the Participants.
4. The Participant has not violated any laws to participate in the Challenge.
5. The Participant releases and exempts Iberdrola and/or the relevant Iberdrola group company and its subsidiaries, affiliates, employees and agents, from all responsibility for any injury, loss or damage of any kind derived from or related to the Proposal and the Participation in the Challenge.
6. The Participant has been notified of the zero tolerance to corruption by Iberdrola and complies and will comply with principles equivalent to those assumed by Iberdrola in its Code of Ethics, which is available at https://www.iberdrola.com/corporate-governance/corporate-governance-system/purpose-values-code-ethics.

7. Applications

Proposals will be submitted via https://connect.startus.cc/iberdrola-startup-challenge-non-technical-losses-electricity/ and must be written in Spanish or English.

Each Proposal must include:

1) General information:

- Participant data. If the participant is a team or a legal entity, the representative submitting the application must identify themselves as such and will include a certificate of their power of attorney to represent the team or legal entity.
- Link to the website (optional).
- Address (city, country).
- Contact information (contact person, job title, email, telephone number).
2) Description of the Proposal:

- Description of the solution in 50 characters.
- Presentation of the company/organisation.
- Demo or video link (optional).
- Maturity of the solution (R&D, proof of concept, entire commercial proposal).
- Preliminary investment and improvements in times and CAPEX
- Description of required construction activities (see above chapter 2: “Description of the Challenge”)
- Contractual agreements.
- Reference numbers.

3) A list of all the intellectual property rights owned by the Participant, granted to the Participant under licence and/or created by or on behalf of the Participant and included in the Proposal.

8. Schedule

Proposals must be submitted between 13/10/2021 at 00:00 GMT and 10/24/2020 at 00:00 GMT. All Participants will receive confirmation that their Proposals have been received. Any proposals received after this period will be rejected.

Proposals will be evaluated internally by Perseo and/or by employees of the relevant Iberdrola group company.

Perseo and/or the relevant Iberdrola group company may contact Participants at any time to request such additional information as they consider necessary.

Participants should send their questions and suggestions by email to: IberdrolaChallenge@iberdrola.es.

The evaluation process will end in December 2021, when Perseo will notify the winner.

Perseo will declare the competition void if none of the Proposals meet Iberdrola’s expectations.

After notifying the winner, Perseo and/or the relevant Iberdrola group company will publish the name and details of the winner, with a description of the winning Proposal and the reasons that it has been chosen, on the Iberdrola website and on Iberdrola group social networks.
9. Changes to the Regulation

Perseo may amend this regulation at any time and at its own discretion. This includes changes to the deadlines established, modifications to events, locations and specifications of the Challenge. Perseo will publish/notify participants of any changes to this regulation on the https://connect.startus.cc/iberdrola-startup-challenge-non-technical-losses-electricity/ website.

10. Cancellation, modification or suspension of the Challenge in case of irregularities

Perseo reserves the right to cancel, modify or suspend participation by unfair participants and/or the Challenge as a whole if it considers that a participant has cheated or has introduced a virus, worm, internet bot, etc., or if a catastrophic event occurs, or any other unforeseen or unexpected event that cannot reasonably be controlled or anticipated (also called force majeure) which may affect the impartiality and/or integrity of this Challenge.

Perseo and/or the Iberdrola group company may disqualify or prohibit participation of any unfair participant in any future competition.

11. Data protection

Inversiones Financieras Perseo, S.L., with registered address at Plaza Euskadi 5, Bilbao 48009, Spain, hereby informs that the personal data of the Participant included when registering the Proposal will be processed by Perseo as the data controller for the purpose of operating this Challenge.

The legal basis for processing the Participant’s data is the Participant’s consent, granted when the Participant registers for the Challenge and accepts this Regulation. The Participant has the right to withdraw the consent given at any time without this affecting the legality of the data processing by virtue of the consent granted by the Participant before it was withdrawn.

If, as a result of the participation by the Participant in the Challenge, the Participant provides personal data belonging to third parties, before submitting this personal data, the Participant must inform those third parties that their personal data will be processed in accordance with the aforementioned documentation.

The Participant’s personal data will not be communicated to any third parties. This notwithstanding, the personal data will be made available to service providers in connection with the management of the platform https://connect.startus.cc/iberdrola-startup-challenge-non-technical-losses-electricity/

The personal data provided by the Participant will be stored for as long as needed to comply with the Challenge, as detailed above. Also:

- If the Proposal is not selected, the personal data will be deleted.
- If the Proposal is selected, the personal data processed by Inversiones Financieras Perseo, S.L. will be governed by the corresponding agreement.

However, the personal data provided may be kept, duly blocked, for the time required by law and the applicable regulations.
Perseo has implemented the necessary technical and organisational measures to protect Participants’ data from accidental loss or unauthorised alteration, access, use or disclosure, and has also established procedures to react to any security incident that could affect Participants’ data.

The Participant has the right to access their personal data being processed, as well as the right to request the rectification of incorrect data, or, where appropriate, request the deletion of their data when no longer necessary for the purposes for which they were obtained, and also has the right to object to or limit the processing of their data. Participants may also withdraw their consent at any time.

Participants may also exercise their rights, free of charge, by writing to the data protection officer at perseo@iberdrola.es.

If the Participant is not satisfied after exercising their rights, they may submit a complaint to the Spanish Data Protection Agency.

12. Costs and taxes

Participants will assume any costs and taxes related to their participation in the Challenge and to their receipt of the prize, if applicable. It is recommended that Participants check the costs, charges and taxes applicable in the laws of the jurisdiction in which they reside or in which they are obliged to pay taxes.

13. Limitation of liability

Perseo or the relevant Iberdrola group company are not liable for problems related to computers, networks or any other problems that could cause the delay, loss or damage of any participation.

14. Translation of this Regulation

This Regulation has been drafted in English, Spanish and Portuguese. In case of any discrepancies between the original and the translation, the Spanish version will prevail.

15. Applicable law and jurisdiction

This Challenge and its regulations are governed by Spanish law. The courts of Madrid, Spain will have exclusive jurisdiction to settle any disputes.