Activities Report
of the Board of Directors
and of the Committees thereof

/ 2017
Activities Report of the Board of Directors and of the Committees thereof / 2017
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Presentation

With the publication of this report, Iberdrola ratifies its firm commitment to transparency and the adoption of best corporate governance practices.
I am pleased to present to you, for the second consecutive year, the Activities Report of the Board of Directors and of the Committees thereof, which sets out the composition, operation and main activities of Iberdrola’s management bodies over the course of the last financial year.

This report provides an integrated and systematised description of the material aspects of the Board and its committees, facilitating access to and consultation of this information. Our company thus ratifies its firm commitment to transparency and the adoption of best corporate governance practices.

You can find among the pages of the report the professional profiles of each of the members of Iberdrola’s Board of Directors, showing our respect for the balance between experience and renewal, and our encouragement of diversity of gender, nationality and knowledge. It is precisely this plurality, together with the directors’ independence of judgement, that enriches decision-making and contributes a variety of viewpoints to the debate on the main issues faced by the company.

It also shows our firm commitment to the full development of equality. We currently double the average of Ibex-35 companies in percentage of women on our Board, and all of our consultative committees are chaired by women, with our lead independent director also being a woman.

At the same time, our commitment to leadership in the area of good governance has led us to implement a checks-and-balances system that avoids an accumulation of powers and separates the functions of strategy and supervision from the management of each of the different businesses. The work on which the recurring activities of the management bodies focuses include the determination of the guidelines for the Company’s strategy and the supervision of the implementation thereof by the management team, the composition and renewal of the Board of Directors itself, and the supervision of risk and of the activities of Iberdrola in the area of sustainability and the fight against climate change, in which area we are a world leader.

I would like to mention that each year the Board and its committees develop a self-evaluation plan, with the advice of an independent consultant, based upon which proposals for the continuous improvement of its performance arise. This goal is also driven by the fluid contact that Iberdrola maintains with the financial community, and especially with its shareholders. Each of their proposals and suggestions drives our constant evolution.

I would like to close this presentation by thanking the directors as well as Iberdrola’s entire workforce for the dedication, work and professionalism that they have shown throughout the year. Their commitment and loyalty are the keys for us to continue providing an essential service and creating sustainable value for society.

Ignacio Galán
Chairman of the Board of Directors
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Corporate and Governance Structure
Corporate and Governance Structure
The Group’s corporate and governance structure distinguishes between supervision and control duties, on the one hand, and day-to-day and effective management duties, on the other.

Iberdrola, S.A. (holding company)
The Board of Directors is vested with powers regarding approval of the strategic goals of the Group and the definition of its organisational model. It is made up of a large majority of independent directors, one of whom holds the position of lead independent director (consejera coordinadora), whose powers are strengthened by the By-Laws, beyond those required by law, and who serves as an effective counterbalance to the chairman, ensuring that the activities thereof are subject to proper controls.
The Board of Directors has an Executive Committee focused on the supervision of compliance with the strategic goals of the Group and the development of its organisational model, as well as four specialised consultative committees, all of which are made up of non-executive directors.
The chairman & chief executive officer, the Business CEO (consejero-director general de los Negocios), with overall responsibility for all the businesses of the Group, and the rest of the management team, assume the duty of organisation and strategic coordination of the Group.

Country Subholding Companies
Group together the energy head of business companies of the Group in each country, strengthening the functions of organisation and strategic coordination in relation to the companies in which they hold an interest.
They have boards of directors that include independent directors and their own audit committees.
Avangrid, Inc., as a country subholding company listed on the New York Stock Exchange, enjoys a special framework of strengthened autonomy that contemplates measures appropriate to safeguard the interests of its minority shareholders.

Head of Business Companies
Assume responsibility for managing each of the businesses, in a decentralised manner, and are entrusted with day-to-day control. They are organised through their respective boards of directors and their own management bodies, and may also have their own audit committees.

Business Model of the Group
Each of the three energy businesses of the Group (liberalised, networks and renewables), while respecting the corporate autonomy of each entity, are integrated globally through the Group’s Business Model, which is focused on maximising the operational efficiency thereof. This allows the Group to achieve a common general strategy for the different businesses.
Board of Directors

Diversity of knowledge, qualities, gender and nationalities on the Board of Directors and a proper balance between experience and renewal ensure its effective operation.
### 3.a Composition

#### Diverse and balanced composition

This year, Iberdrola has updated its *Board of Directors Diversity and Director Candidate Selection Policy* in order to strengthen the diversity standards that must govern the process of selecting candidates for director.

The process is intended to directly contribute to achieving a diverse and balanced composition, which enriches the decision-making process and ensures the contribution of plural viewpoints.

Specifically, the selection of directors values candidates whose appointment favours a diversity of skills, knowledge, experience, origin, nationality, age and gender.

The diversity standards are selected based on the nature and complexity of the businesses carried out by the Group, as well as the social and cultural context in which it is present. The selection process avoids any type of bias that might entail any discrimination based on, among other things, gender, ethnic origin, age or disability. There is particular avoidance of any bias that might hinder the appointment of directors that might prevent compliance with the Company’s goal for the number of female directors continuing representing at least thirty per cent of the total number of members of the Board of Directors by the year 2020.

The result is a balanced Board of Directors, made up of a large majority of independent directors, with high professional qualification and experience, aligned with the needs of the businesses and remarkable diversity in terms of expertise, origin and gender (all of the consultative committees are chaired by women, and the lead independent director is also a woman). This wealth of profiles, together with the high-level dedication required of its members, ensures effective operation of this body.

Link to more information: regarding the *Board of Directors Diversity and Director Candidate Selection Policy* and the application thereof during financial year 2017.
### Independence

<table>
<thead>
<tr>
<th>Percentage of independent directors on the Board</th>
<th>Percentage of independent directors on the consultative committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>71%</td>
<td>77%</td>
</tr>
</tbody>
</table>

### Diversity in length of service of non-executive directors

<table>
<thead>
<tr>
<th>0-5 years</th>
<th>6-9 years</th>
<th>10-12 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

### Gender diversity. Percentage of female directors

<table>
<thead>
<tr>
<th>2012</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>21%</td>
<td>36%</td>
</tr>
</tbody>
</table>

### Diversity of nationalities

5 nationalities
Spain, United Kingdom, United States of America, France and Mexico

### Training / professional origin

- External directors with prior experience within the Group: 58%
- Training in economic / business sciences: 50%
- Training in Law: 36%
- Training in Humanities: 29%
- Training in Engineering: 21%
The Board of Directors has identified a number of features that its members must represent as a whole, in light of the characteristics and needs of the Company’s businesses.

**Matrix of qualities and experience**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration and senior management</td>
<td>12 of 14</td>
</tr>
<tr>
<td>Accounting, financial and risk management</td>
<td>12 of 14</td>
</tr>
<tr>
<td>Energy and industrial sector</td>
<td>14 of 14</td>
</tr>
<tr>
<td>Retail, international in the principal markets</td>
<td>10 of 14</td>
</tr>
<tr>
<td>Institutional and legal</td>
<td>7 of 14</td>
</tr>
<tr>
<td>Remuneration systems</td>
<td>8 of 14</td>
</tr>
<tr>
<td>Talent management</td>
<td>8 of 14</td>
</tr>
<tr>
<td>Corporate governance and corporate social responsibility</td>
<td>13 of 14</td>
</tr>
</tbody>
</table>
Profiles

Chairman
José Ignacio Sánchez Galán

Director since: 2001
Class: Executive
Committees: Executive (chairman)
Age: 67
Spain

In addition to his position as Iberdrola’s chairman & chief executive officer, he is the chairman of the boards of directors of the country subholding companies of the Iberdrola group in the United Kingdom (Scottish Power Limited), the United States of America (Avangrid, Inc., a NYSE-listed company) and Brazil (Neoenergia, S.A.).

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Personal profile and academic training

Ignacio graduated as an Industrial Engineer from the Engineering School (ICAI) of Universidad Pontificia Comillas (Madrid). He also graduated in Business Administration and Foreign Trade from ICADE at Universidad Pontificia Comillas (Madrid) and in General Business Administration and Foreign Trade from the School of Industrial Organisation (EOI) in Madrid. He speaks English, French, Italian, and Portuguese. He has received honorary doctorate degrees from the universities of Salamanca, Edinburgh and Strathclyde (Glasgow). He has been on the faculty of Escuela Técnica Superior de Ingeniería (ICAI), and is currently a visiting professor at the University of Strathclyde and chairman of the Social Council of the University of Salamanca, member of the Presidential CEO Advisory Board of Massachusetts Institute of Technology (MIT) and trustee of Comillas – ICAI University Foundation.

Noteworthy experience in the energy and industrial engineering sector

Since 2001, Ignacio has led one of the most successful transformation processes undertaken by a large company in recent years, which has allowed the Company to become one of the top European utilities by market capitalisation. Iberdrola has also become a world leader in renewable energy and one of the most environmentally-friendly electric companies. He was also chairman of Iberdrola Renovables until its merger with Iberdrola in 2011.

In the industrial engineering sector, he has served as chief operating officer of Industria de Turbo Propulsores (ITP) and as chairman of the European aerospace consortium Eurojet, headquartered in Germany. He has also held various executive and management positions at Sociedad Española del Acumulador Tudor, S.A. (now, Exide Group) and has been a director of Page Ibérica, S.A.

Noteworthy experience in other industries

He was chief executive officer of Airtel Móvil (now, Vodafone España) and chairman of Iberdrola Inmobiliaria and of Desafío Español 2007, S.A. (Spanish team in the America’s Cup). He has also been a member of the Supervisory Board of Nutreco Holding, a listed company in The Netherlands, active in the food industry, founder and director of Matarromera group.

Other information

He is also currently a trustee of the Princess of Asturias Foundation, the COTEC Foundation, the Carolina Foundation, the Comillas-ICAI University Foundation, the Aspen Institute Spain Foundation, the Elcano Royal Institute and the Royal Board of Trustees of the Prado Museum.

He has been part of the leading executives of the electricity cluster of the World Economic Forum (Davos), which he has chaired, and is a member of the Steering Committee of the European Round Table of Industrialists and of the group that brings together the main electric utilities in Europe. He is also a member of various business associations.

Some recognitions

• Best CEO within the utilities category (for the eleventh time) according to Institutional Investor Research Group (2017).
• Vocento Business Leadership Award (2017).
• Medal of Honour of the Royal National Academy of Medicine (2016).
• The award of Commander of the Most Excellent Order of British Empire, by the Queen Elizabeth II.
• Responsible Capitalism Award (2014), by the First Group.
• Best CEO of European utilities and of Spanish listed companies in investors relations, according to the Thomson Extel Survey (2011).
• International Economy Award (2008), by the Cristóbal Gabarrón Foundation.
• Business Leader of the Year (2008) Award, by the Spain-United States Chamber of Commerce.
• Best CEO of the Year (2006), at the Platts Global Energy Awards.
• Award for Best CEO in Investor Relations, by IR Magazine (2003-2005).
### Profiles

### Directors
Inés Macho Stadler

Director since: 2006
Class: Independent
Lead independent director
Committees: Executive, Remuneration (chair)
Age: 58
Spain

Inés has a degree in Economics from Universidad del País Vasco, Master in Economics from l’École des Hautes Études en Sciences Sociales, and Doctor in Economics from the same academic institution and from ENSAE (France). Her positions at Iberdrola are in addition to her teaching work at Universidad Autónoma de Barcelona and at the Barcelona Graduate School of Economics. She is also a member of various economic associations.

• Member of the Council of the French Economic Observatory (Observatoire Français des Conjonctures Économiques) (OFCE), and honorary member of the European Economic Association and of the Spanish Economic Association (Asociación Española de Economía) (currently).
• Member of the International Scientific Advisory Committee of the Basque Centre for Climate Change (2009-2014).
• Chair of the Scientific Committee of the Conference of the Spanish Association for Energy Economics (Asociación Española para la Economía Energética) (2011).
• Member of the Advisory Council of the Research Service of “la Caixa” (2008-2011) and president of the Spanish Economic Association (2005).

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Íñigo Víctor de Oriol Ibarra

Director since: 2006
Class: Other external
Committees: Appointments. Remuneration
Age: 55
Spain

Íñigo has a Bachelor of Arts in International Business from Schiller International University, is a graduate of the Executive Corporate Management Program of IESE Business School and qualified as a Certified European Financial Analyst (CEFA) from Instituto Español de Analistas Financieros. His position at Iberdrola is in addition to his work as a board member at Empresa de Alumbrado Eléctrico de Ceuta.

- Member of the boards of directors of affiliates of the Iberdrola group in various countries (2001-2006): chair of Electricidad de La Paz, of Empresa de Luz y Fuerza Eléctrica de Oruro (Bolivia), and of Iberoamericana de Energía Ibener (Chile), as well as a member of the board of Neoenergie (Brazil) and of Empresa Eléctrica de Guatemala.
- Iberdrola’s Director of Corporate Governance for the Americas (2001-2006).

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Braulio Medel Cámara

Director since: 2006
Class: Independent
Committees: Corporate Social Responsibility
Age: 70
Spain

Braulio has a degree in Economics and Business Administration from Universidad Complutense de Madrid and a Doctorate in Economics and Business Administration from Universidad de Málaga.

He is chair of Fundación Bancaria Unicaja and vice-chair of Confederación Española de Cajas de Ahorros (CECA).

- He is the chair of Hidralia and a member of the board of the listed company Acerinox, S.A. and of Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros (currently).
- Chair of Unicaja (1991-2016) and vice-chair of the European Savings and Retail Banking Group.
- Member of the board of Compañía Sevillana de Electricidad and Abertis Infraestructuras (2005-2010).

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Samantha Barber

Director since: 2008
Class: Independent
Committees: Corporate Social Responsibility (chair), Executive
Age: 48
United Kingdom

Samantha has a Bachelor of Arts in Applied Foreign Languages and European Politics from the University of Northumbria, Newcastle (England, United Kingdom) and a Post-Graduate degree in EU Law from the University of Nancy (France). In addition to her work at Iberdrola, she holds positions on the boards of directors of various organisations and performs advisory and business coaching work.

• Chair of Scottish Ensemble, vice-chair of Scotland’s 2020 Climate Group, and member of the Advisory Board for Breakthrough Breast Cancer, the GlobalScot Network and the Advisory Board for the Imperial College London MBA (currently).
• Member of the Advisory Council of Scottish Power following the integration of the Scottish company into the Iberdrola group (2007-2008).

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Ángel Jesús Acebes Paniagua

**Director since:** 2012  
**Class:** Independent  
**Committees:** Executive and Appointments  
**Age:** 59  
**Spain**

Ángel has a degree in Law from Universidad de Salamanca. He is a practising attorney, chairman and founding partner of Grupo MA Abogados, sole director and professional partner of Doble A Estudios y Análisis, member of the Advisory Board of Wolters Kluwer España, and a trustee of Fundación FAES and Fundación Universitaria de Ávila, UCAV.

- A practising lawyer between 1982 and 1994 and from 2008 to the present, specialising in commercial law.

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José Walfredo Fernández

**Director since:** 2015  
**Class:** Independent  
**Committees:** Audit and Risk Supervision  
**Age:** 62  
**United States of America**

José has a degree in History from Dartmouth College (New Hampshire, United States of America), and Juris Doctor from Columbia University (New York). His position at Iberdrola is in addition to his position as partner of Gibson, Dunn & Crutcher and member of the board of directors of the Council of the Americas and the Center for American Progress.

- He has served on the boards of Dartmouth College, NPR Station WBGO-FM, the Middle East Institute and Ballet Hispánico of New York, among others, and has been the State Department’s representative on the Committee on Foreign Investment in the United States.

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María Helena Antolín Raybaud

Director since: 2010  
Class: Independent  
Committees: Appointments (chair)  
Age: 51  
Spain/France

María Helena has a degree in International Business and Business Administration from Eckerd College, St. Petersburg, Florida (United States of America), and a Master in Business Administration from Anglia University, Cambridge (United Kingdom) and from Escuela Politécnica de Valencia (Spain).

• In charge of the corporate industrial and strategy divisions of Grupo Antolín, where she has also been a director of Human Resources and the head of Total Quality for the Group.
• She has held various positions at subsidiaries of Grupo Antolín located in Germany, France and Italy.
• Member of the board of Iberdrola Renovables, S.A. and a member of its Related-Party Transactions Committee (2007-2010).

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Manuel Moreu Munaiz

Director since: 2015  
Class: Independent  
Committees: Corporate Social Responsibility, Executive  
Age: 64  
Spain

Manuel holds a doctorate in naval engineering from ETSIN of the Universidad Politécnica de Madrid and a Master’s degree in Oceanic Engineering from MIT. He is president of Seaplace, sole director of H.I. de Iberia Ingeniería y Proyectos and of Howard Ingeniería y Desarrollo, a member of the board of Tubacex, a member of the Spanish Committee of Lloyd’s Register EMEA, and a professor at various academic institutions.

• Member of the Board of Directors of Iberdrola Renovables (2007-2011).
• Board member and member of the Audit and Compliance Committee of Gamesa Corporación Tecnológica (2013-2015).
• Professor at Universidad Politécnica de Madrid – ETSIM and Universidad Pontificia Comillas.
• He has been a member of the board of Metalships and Docks, Neumáticas de Vigo and Rodman Polyships.
• He has been dean of the Colegio Oficial de Ingenieros Navales y Oceánicos de Madrid y de España, and chairman of the Engineering Institute of Spain (Instituto de Ingeniería de España) and professor of the Repsol’s Masters program in oil.

© Rafa Sámara

Xabier Sagredo Ormaza

Director since: 2016  
Class: Other external  
Committees: Audit and Risk Supervision  
Age: 45  
Spain

Xabier has a degree in Economics and Business from Universidad del País Vasco, with a major in finance, and is a holder of postgraduate degrees such as a Master’s in Taxation and a Master’s in Finance. He is chair of the Board of Trustees of Bilbao Bizkaia Kutxa Fundación Bancaria, of BBK Fundazioa and of Fundación Eragintza, a trustee of Biocruces Sanitary Research Institute, of the Bilbao Museum of Fine Arts and of the Guggenheim Museum Bilbao Foundation, at which he also serves as member of the Executive Committee, as well as a member of the Board of Governors of Universidad de Deusto.

• Member of the board of Iberdrola Generación and a member of its Audit and Compliance Committee (2009-2014).
• Member of the board of Iberdrola Distribución Eléctrica, S.A. (2014-2015), where he held the position of chair of the Audit and Compliance Committee.
• Director of the Expansion and Assets area of the credit institution Ipar Kutxa (1997-2007), managing director of the concessionnaire Transístia (2007-2012), and a member of the Board of the Bilbao Port Authority.
• Chair and vice-chair of the Board of Directors of Caja de Ahorros Bilbao Bizkaia Kutxa, Aurrezki Kutxa eta Bahitxtea (BBK) (2012-2013), and chair of its Audit Committee (2012-2013).

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Georgina Kessel Martínez

Director since: 2013
Class: Independent
Committees: Audit and Risk Supervision (chair)
Age: 67
Mexico

Georgina holds a degree in Economics from Instituto Tecnológico Autónomo de México and a Master’s and Doctor’s degree in Economics from Columbia University (New York). She is an independent director and chair of the Audit Committee of Grupo Financiero Scotiabank Inverlat, and a partner of Spectron ESI.

• Chair of the Board of Directors of Pemex and of the Board of Directors of the Federal Electricity Commission (Comisión Federal de Electricidad) (CFE) (2006-2011).
• She has participated in the Energy Council of the World Economic Forum and in the United Nations Organization Secretary General’s advisory group (Sustainable Energy for All).
• Member of the boards of Nafinsa and Bancomext (2006-2011) and general manager of Banobras (2011-2012) and of the National Mint of Mexico (Casa de Moneda de México).
• Member of the Universidad de las Américas Puebla business council.
• Professor at various academic institutions.

© Carlos A. García Mora
Denise Mary Holt

Director since: 2014
Class: Independent
Committees: Audit and Risk Supervision
Age: 68
United Kingdom

Denise has degrees in Spanish Philology, French Philology and Political Sciences from the University of Bristol and a Doctor of Laws from the University of Bristol (United Kingdom). She is an independent director and member of the Risk Committee of HSBC Bank plc., independent director and member of the Quality and Safety and Compensation Committees of the Board of Nuffield Health, and chair and independent director of M&S and of the University of Sussex.

• She has been first secretary of the Embassy of the United Kingdom to Brazil (1990-1993) and Ambassador of the United Kingdom to Mexico (2002-2005) and Spain (2007-2009).
• Member of the board of Scottish Power Renewable Energy (2011-2012) and of Scottish Power Energy Networks Holdings (2012-2014).
• Chair of the Anglo-Spanish Society (2010-2013) and of the Institute of Latin American Studies at the University of London and of the Nominations Committee of the Alzheimer’s Society (2011-2017).

© Jack Hill

Juan Manuel González Serna

Director since: 2017
Class: Independent
Committees: Remuneration
Age: 62
Spain

Juan Manuel graduated in Law, Economics and Business Studies from Universidad Pontificia Comillas (Madrid) and holds a Masters in Business Administration (MBA) from IESE Business School (Barcelona). He is the chairman of the SIRO Group and a member of the Governing Board of the Spanish Commercial Coding Association (Asociación Española de Codificación Comercial) (AECOC). He is also a founding trustee and chairman of Fundación SIRO and a member of the Executive Committee of Fundación SERES. He is also an honorary member of the General Assembly of the Spanish Paralympics Committee.

• Independent director of Iberdrola España and of Iberdrola Renovables and chair of the Appointments and Remuneration Committee of the latter company (2010-2017).
• Member of the advisory board of Rabobank in Spain and Europe [since 2003].
• Member of the board of Banco Urquijo Sabadell Banca Privada.
• Member of the board of SODICAL (2000-2010).
• Member of the board of directors of the HM Hospitales Group.

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Francisco Martínez Córcoles

Director since: 2017
Class: Executive
Business CEO
Age: 61
Spain

Francisco is the Business CEO (consejero-director general de los Negocios) and a member of the board of the country subholding company in Mexico, Iberdrola México. He is also a member of the Board of Directors of the Spanish Electric Industry Association (Asociación Española de la Industria Eléctrica) (UNESA) and a member of Merit of the National Association of Engineers of the Escuela Técnica Superior de Ingeniería (ICAI).

Personal profile and academic training
Francisco has a Master’s degree in Industrial and Electrical Engineering from the Escuela Técnica Superior de Ingeniería (ICAI) of Universidad Pontificia Comillas (Madrid) with a Master’s degree in Business Administration from Universidad de Navarra (IESE Business School).

Noteworthy experience in the energy and industrial engineering sector
He spent his professional career at Arthur Andersen and at Compañía Sevilla de Electricidad, S.A. until joining Hidroeléctrica Española, S.A., and then, after the merger with Iberduero, at Iberdrola.
He has held various management positions at the Company, including director of the Production Market, director of the Wholesale Energy Markets Business Unit, and general director of the Liberalised Energy Business of the Group, with overall responsibility for the wholesale, retail and gas areas, both domestically and internationally. He has also held the position of chair of Iberdrola Generación, S.A. and of Scottish Power Generation Holdings and has been a member of the board of Compañía Operadora del Mercado Eléctrico Español, Elcogas, S.A. and Iberdrola Ingeniería y Construcción.

Other information
He has been a member of the advisory board of the International University of Bremen (Germany) and vice president of the Energy and Natural Resources Committee of the Spanish Institute of Engineering. He has also been awarded the Javier Benjumea Prize of the Association of Engineers of ICAI in its XVII edition and with the Gold Medal of the Spanish Nuclear Society.

© Francis Tsang
Profiles

Secretary of the Board of Directors
Julián Martínez-Simancas Sánchez

Secretary of the Board of Directors and of the Executive Committee

Since: 2007

Age: 67

Julian is a board member of Iberdrola España and a practising lawyer with the Bar Associations of Biscay, Madrid and Oviedo.

- Since he joined Iberdrola in 2002, he has acquired extensive and profound knowledge about the Company, participating in its process of transformation through the following positions, general secretary, assistant to the vice-chair & chief executive officer, deputy secretary of the Board of Directors and chair of the Company’s Regulatory Compliance Unit, executive director of Iberdrola México and member of Iberdrola’s Advisory Committee in Andalusia.

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Profiles

Deputy Secretary of and counsel to the Board of Directors
Santiago Martínez Garrido
Deputy Secretary of the Board of Directors
Since: 2015
Age: 49

Santiago is the director of Legal Services of Iberdrola, as well as a member of the board of Avangrid and of Neoenergia.

• Member of the board, legal counsel and secretary of Iberdrola Renovables (2009-2011).
• Government Lawyer at the High Courts of Appeals (Tribunales Superiores de Justicia) of Catalonia, of Castile-La Mancha and of Castile and León, and at the Ministry of the Interior (1997-2000).
• Chief of Staff of the Secretary of State for Justice (2000-2002) and of the Ministry of Justice (2002-2004), and member of various boards of directors of public and private companies.

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Rafael Mateu de Ros Cerezo
Counsel to the Board of Directors
and secretary of the Remuneration Committee
Joined Iberdrola in: 2011
Age: 65

Rafael has worked as a lawyer both at the Government’s Legal Service (Cuerpo de Abogados del Estado) and in the private sector.

• Secretary of the board of directors and chief legal officer at various companies, including Bankinter.
• Founding partner of the law firm Ramón & Cajal Abogados, based in Madrid.
• Independent director and chair of the Appointments and Corporate Governance Committee of Bankinter.

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Management Team

The management team of Iberdrola handles the organisation and strategic coordination of the Group. This duty is performed through the dissemination, implementation and monitoring of the general strategy, the Corporate Policies and the basic management guidelines established by the Company’s Board of Directors for the entire Group.

(1) Functional Report to the Audit and Risk Supervision Committee.
(2) In order to coordinate Institutional Relations.
(3) Functional Report to the Corporate Social Responsibility Committee.
Activities of the Board of Directors

Key issues in 2017

The Board of Directors has focused its work on defining strategy, supervising the implementation thereof and controlling risks, as well as progressing with the best corporate governance practices.

Strategy

**Growth:** Design the Group’s strategy and decide on key investments, ensuring that they are made in the businesses prioritised in the Strategic Plan.
- Long-term view of the electric industry and of the main challenges and trends.
- Update of the Strategic outlook 2016-2020, with a €1,000M increase in investments.
- Approval of the strategy and budgets for financial year 2018.
- Inclusion of the Elektro businesses within Neoenergia, creating an electricity leader in Brazil and Latin America.

**Sustainable remuneration:** Review the alignment of shareholder remuneration with the performance of the Group.
- Outlook for shareholder remuneration 2016-2020. Expected to grow to between 0.37 and 0.4 euro per share, maintaining a pay-out within a range of 65-75%.
- Approval of shareholder remuneration for 2017: 0.312 euro (gross) per share with a charge to 2016, 11% higher than the previous year.
- Improvement of the flexible remuneration system.

**Maximisation of the social dividend:** Determine the guidelines focusing the actions of the Group in the area of social responsibility
- Evaluation of the Company’s contribution and impact using a set of parameters that define the Company’s social dividend, included within the By-Laws.
- Strategic positioning of Iberdrola in relation to climate change and integration of Sustainable Development Goals within its strategy.
- Monitoring the Group’s activities in the area of sustainability and alignment with the requirements of the leading bodies in this field (Dow Jones Sustainability Index, FTSE4Good, etc.).
- Approval of incentives to strengthen the Group’s commitment to innovation: monitoring the Company’s R&D+i investment, which in 2016 reached €211M.
- Update of the Stakeholder Relations Policy and of the Policy on Respect for Human Rights.

**Financial strength:** Control of the financial situation to ensure the sustainability of the business over the long term
- Monitoring of the divestment from Gamesa.
- Approval of major financial transactions of the Group: monitoring of the issue of bonds by the Group, mainly green bonds.

Link to more information regarding regulation of the operation and powers of the Board of Directors.
Corporate governance

Composition of the Board of Directors
• Strengthening of the checks-and-balances system with the appointment of Francisco Martínez-Córcoles as Business CEO (Director director general de los negocios del Grupo).
• Proposed appointment of a new independent director: Juan Manuel González Serna.

Shareholder engagement
• Monitoring of contacts made by the Company with key market players.
• Approval of new incentives for the participation of the shareholders at the General Meeting, improving the channels for proxy-granting and absentee voting.
• Shareholder engagement report, which identifies the main issues raised in the contacts that have occurred.

Remuneration
• Approval of the remuneration of the directors and senior officers.
• Approval of the targets to which variable remuneration is linked.
• Regulations of the 2017-2019 Strategic Bonus.

Improvements to the Corporate Governance System
• Amendments to the Corporate Governance System to ensure the inclusion of best practices and regulatory developments.
• Broad programme for evaluation of the Board of Directors, supervised by an external advisor.

Conflicts of interest and related-party transactions
• Monitoring of related-party transactions and potential conflicts of interest throughout the year.
Supervision

Supervision of management

Growth:
• Analysis of performance and forecasts for each of the Group’s businesses, as well as of the strategic issues that affect them (e.g. status and outlook in the United Kingdom and Scottish Power after Brexit).
• Monitoring of the corporate reorganisation in Brazil as a result of the merger of the Elektro businesses into Neoenergia.

Maximisation of the social dividend:
• Social contribution of the Group, measured by the Report on the Iberdrola Group’s economic, social and environmental impact on the world, prepared by an external expert.

Financial strength:
• Monitoring of key financial indicators, such as interest rate structure, liquidity position and financing in various currencies.

Supervision and control of corporate risks:
• Continuous update of the Risk Policies, and particularly the Cybersecurity Risk Policy.
• Supervision and control of corporate risks.
• Report on risk control and management systems and on the level of compliance with the Corporate Tax Policy.
Attendance

Mr José Ignacio Sánchez Galán

Ms Inés Macho Stadler

Mr Íñigo Víctor de Oriol Ibarra

Mr Braulio Medel Cámara

Ms Samantha Barber

Ms María Helena Antolín Raybaud

Mr Ángel Jesús Acebes Paniagua

Ms Georgina Kessel Martínez

Ms Denise Mary Holt

Mr José Walfredo Fernández

Mr Manuel Moreu Munaiz

Mr Xabier Sagredo Ormaza

Mr Juan Manuel González Serna

Mr Francisco Martínez Córcoles

Number of meetings attended

Number of meetings where the director belonged to the Board of Directors
Meetings and appearances

The Board of Directors held 9 meetings during financial year 2017.

<table>
<thead>
<tr>
<th>Date</th>
<th>Place</th>
<th>Date</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>21/02/2017</td>
<td>Bilbao</td>
<td>19/07/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>29/03/2017</td>
<td>Bilbao</td>
<td>24/10/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>31/03/2017</td>
<td>Bilbao</td>
<td>06/11/2017</td>
<td>In writing</td>
</tr>
<tr>
<td>25/04/2017</td>
<td>Madrid</td>
<td>19/12/2017</td>
<td>Bilbao</td>
</tr>
<tr>
<td>19/06/2017</td>
<td>Scotland</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

During financial year 2017, various members of the management team and external experts appeared before the Board of Directors:

<table>
<thead>
<tr>
<th>Management</th>
<th>Ongoing</th>
<th>One-time</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Business Division</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Administration and Control</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Legal Services</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Finance and Resources</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Liberalised Business</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Auditor</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Networks Business</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Renewables Business</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>External experts</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
## Training

The Board of Directors conducts an ongoing training and information programme, which consists of both sessions and specific materials that are included in the directors’ website. Iberdrola also has a beginning orientation programme for new directors.

<table>
<thead>
<tr>
<th>Date</th>
<th>Training sessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>25/04/2017</td>
<td>Informational meeting about investments and initiatives of the Iberdrola group in the area of cybersecurity.</td>
</tr>
</tbody>
</table>

### Training documents on the Directors’ Website.

<table>
<thead>
<tr>
<th>Category</th>
<th>Training sessions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy and Supervision</strong></td>
<td>Regulatory positioning of Iberdrola. EU Winter Package.</td>
</tr>
<tr>
<td></td>
<td>Digital transformation.</td>
</tr>
<tr>
<td></td>
<td>Information technology. Analysis of the implementation of Big Data technology by energy industry companies.</td>
</tr>
<tr>
<td></td>
<td>Fiscal transparency.</td>
</tr>
<tr>
<td></td>
<td>Governance model of the Iberdrola group in the area of cybersecurity and data protection.</td>
</tr>
<tr>
<td><strong>Corporate governance and remuneration</strong></td>
<td>Corporate governance. New trends and challenges raised by corporate governance.</td>
</tr>
<tr>
<td></td>
<td>Corporate governance in the context of the SEC.</td>
</tr>
<tr>
<td></td>
<td>Management of stakeholders.</td>
</tr>
<tr>
<td></td>
<td>Shareholder control of the remuneration of the executive directors.</td>
</tr>
<tr>
<td><strong>Social responsibility and sustainability</strong></td>
<td>Climate change. Commitment regarding the fight against climate change in the countries in which Iberdrola has a presence.</td>
</tr>
<tr>
<td></td>
<td>Sustainability. Analysis of the UN sustainable development goals and contribution of the Iberdrola group.</td>
</tr>
<tr>
<td></td>
<td>Ethics and compliance at Iberdrola.</td>
</tr>
<tr>
<td></td>
<td>Occupational health and safety at Iberdrola.</td>
</tr>
</tbody>
</table>
The Executive Committee is assigned the duty of supporting the Board of Directors in ongoing supervision of compliance with the strategic goals of the Group and the development of its organisational model.
4.a

Composition and attendance

Composition of the Committee at 31 December 2017

<table>
<thead>
<tr>
<th>Position</th>
<th>Director</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>José Ignacio Sánchez Galán</td>
<td>Executive</td>
</tr>
<tr>
<td>Member</td>
<td>Inés Macho Stadler</td>
<td>Independent</td>
</tr>
<tr>
<td>Member</td>
<td>Ángel Jesús Acebes Paniagua</td>
<td>Independent</td>
</tr>
<tr>
<td>Member</td>
<td>Manuel Moreu Munaiz</td>
<td>Independent</td>
</tr>
<tr>
<td>Member</td>
<td>Samantha Barber*</td>
<td>Independent</td>
</tr>
</tbody>
</table>

* Ms Samantha Barber was appointed as a member of the Executive Committee on 31 March 2017, to replace Mr José Luis San Pedro Guerenabarrena.

Mr Julián Martínez-Simancas Sánchez is the secretary.

Level of attendance of each of the members of the Committee in 2017

<table>
<thead>
<tr>
<th></th>
<th>Number of meetings attended</th>
<th>Number of possible meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>José Ignacio Sánchez Galán</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Inés Macho Stadler</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Ángel Jesús Acebes Paniagua</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Manuel Moreu Munaiz</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Samantha Barber*</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

The Committee met on 14 occasions during 2017.

<table>
<thead>
<tr>
<th>Date</th>
<th>Place</th>
<th>Date</th>
<th>Place</th>
<th>Date</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>17/01/2017</td>
<td>Madrid</td>
<td>06/06/2017</td>
<td>Madrid</td>
<td>03/10/2017</td>
<td>Bilbao</td>
</tr>
<tr>
<td>07/02/2017</td>
<td>Madrid</td>
<td>04/07/2017</td>
<td>Madrid</td>
<td>07/11/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>07/03/2017</td>
<td>Madrid</td>
<td>23/08/2017</td>
<td>Madrid</td>
<td>21/11/2017</td>
<td>Bilbao</td>
</tr>
<tr>
<td>09/05/2017</td>
<td>Bilbao</td>
<td>05/09/2017</td>
<td>Madrid</td>
<td>05/12/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>24/05/2017</td>
<td>Madrid</td>
<td>20/09/2017</td>
<td>Mexico City</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Activities

Key issues in 2017

Strategic supervision

Support to the Board of Directors by continuously supervising achievement of the goals of the Group and the development of its organisational model.

Growth

• Inclusion of the Elektro businesses within Neoenergia.
• Status of the operating indicators by business and by geographic area.
• Supervision of the Outlook 2016-2020 and of the principal investments.
• Analysis of the status of the Iberdrola group in Mexico.
• Monitoring of the budget strategy and review of the basis for the Group’s budget for financial year 2018.

Maximisation of the social dividend

• Analysis of the Royal Decree regulating subsidised rates (Bono Social).
• Supervision of the development of the strategy for maximisation of the social dividend.

Sustainable remuneration

• Implementation of the “Iberdrola Flexible Dividend” system, with the new development of being able to receive the dividend in cash.

Financial strength

• Approval of the significant financing transactions of the Group, like the signing of a 500 million euro loan with a Spanish financial institution.
• Financial results of the entities of the Group.

Risk supervision

Monitoring of key risks.

Risk review and management

• Monitoring of risks with a possible impact during financial year 2017.
• Analysis of the WannaCry security incident.
• Study of the impact on the Iberdrola group of political changes like Brexit and the new U.S. administration.
• Comparative study of the reputation of energy companies, in 20 countries.

Link to more information regarding regulation of the operation and powers of the Executive Committee.
Activities / Key issues in 2017

Appearances

Both officers of the Company and external experts appeared before the Committee during financial year 2017.

<table>
<thead>
<tr>
<th>Management</th>
<th>Ongoing</th>
<th>One-time</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Business Division</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Administration and Control</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Human Resources</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Legal Services</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Corporate Development</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Head of Cyber-security</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Reputation and Brand</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Management of Liberalised Business</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Management of Renewables Business</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>External experts</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>
Audit and Risk Supervision Committee

“The Committee follows the recommendations contained in the Technical Guide on Audit Committee at Public Interest Entities published by the CNMV in June 2017”

Georgina Kessel Martínez.
Chair of the Audit and Risk Supervision Committee.
5.a

Composition and attendance

Composition of the Committee at 31 December 2017

<table>
<thead>
<tr>
<th>Position</th>
<th>Director</th>
<th>Classification</th>
<th>Experience in accounting/finance/risk management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair</td>
<td>Georgina Kessel Martínez</td>
<td>Independent</td>
<td>✓</td>
</tr>
<tr>
<td>Member</td>
<td>Denise Mary Holt</td>
<td>Independent</td>
<td>✓</td>
</tr>
<tr>
<td>Member</td>
<td>José Walfredo Fernández</td>
<td>Independent</td>
<td>✓</td>
</tr>
<tr>
<td>Member</td>
<td>Xabier Sagredo Ormaza</td>
<td>Other external*</td>
<td>✓</td>
</tr>
</tbody>
</table>

Composition of the Committee at 31 December 2017

- Chair: Georgina Kessel Martínez (Independent)
- Member: Denise Mary Holt (Independent)
- Member: José Walfredo Fernández (Independent)
- Member: Xabier Sagredo Ormaza (Other external*)

* Mr Xabier Sagredo Ormaza has valuable experience as chair of the Audit Committee of Caja de Ahorros Bilbao Bizkaia Kutxa, Aurkezki Kutxa eta Bahitxeta (BBK).

Mr Rafael Sebastián Quetglas is the secretary of this Committee.

Level of attendance of each of the members of the Committee in 2017

<table>
<thead>
<tr>
<th>Director</th>
<th>Number of meetings attended</th>
<th>Number of possible meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgina Kessel Martínez</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Denise Mary Holt</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>José Walfredo Fernández</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Xabier Sagredo Ormaza</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

Mr Rafael Sebastián Quetglas is the secretary of this Committee.

The Committee met on 11 occasions during 2017.

<table>
<thead>
<tr>
<th>Date</th>
<th>Place</th>
<th>Date</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/01/2017</td>
<td>In writing</td>
<td>12/07/2017</td>
<td>Mexico City*</td>
</tr>
<tr>
<td>15/02/2017</td>
<td>Madrid</td>
<td>17/07/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>20/02/2017</td>
<td>Bilbao</td>
<td>03/11/2017</td>
<td>Mexico City*</td>
</tr>
<tr>
<td>24/04/2017</td>
<td>Madrid</td>
<td>20/11/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>29/05/2017</td>
<td>Mexico City*</td>
<td>18/12/2017</td>
<td>Bilbao</td>
</tr>
<tr>
<td>13/06/2017</td>
<td>Mexico City*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Meetings considered taking place where the chair located.
5.b

Activities

Key issues in 2017

Financial and related non-financial information, internal control mechanisms and risk management and control

Supervision of the process of preparing and presenting financial information and review of the management of the Company’s main risks through a quarterly report.

Financial and non-financial information and internal control

- Report to the Board of Directors on the individual and consolidated annual accounts for financial year 2016.
- Report to the Board of Directors on the first and third quarter accounts, as well as for the first half of 2017.
- Response to the request of the National Securities Market Commission for information regarding the individual and consolidated accounts for financial year 2016, as well as the accounts for the first half of 2017.
- Memorandum of recommendations on internal control resulting from the audit of the financial information for financial year 2016.
- Proposed amendment of the General Framework of Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its Group.

Risk management and control

- Continuous review of the Internal Control System.
- Supervision of the Strategic Plan and Cyber-security Risks.

Link to more information regarding regulation of the operation and powers of the Audit and Risk Supervision Committee.
Internal audit and audit of accounts

Permanent supervision of the activities of the Internal Audit Area.

Internal Audit
- Evaluation of the activities of the area.
- Report on activities of this area for financial year 2016.
- Monitoring report on the activities of the area and recommendations.
- Proposal for appointment of Sonsoles Rubio as director of the Internal Audit Area.
- Approval of the Activities Plan and of the Proposed Budget for 2018.

Auditing
- Monitoring of new developments from the audit report.
- Approval of the provision of audit-related services.
- Monitoring of the Auditor transition plan for the 2017-2019 period.
- Proposal of the terms for hiring the statutory auditor.

Opinion of the Committee on the independence of the statutory auditor
- The Committee analysed the independence of the statutory auditor in relation to the report for financial year 2016, concluding that it performed its audit work independently of Iberdrola and of its consolidated group.

Other powers
- Analysis of the new CNMV technical guide on audit committees.
- Special meeting to analyse the corporate reorganisation in Brazil.
- Monitoring of the Company’s treasury share transactions and of the status of special purpose entities.
- Monitoring of the action plan resulting from the evaluation process, with external advice.
## Appearances

Both officers of the Company and external experts appeared before the Committee during financial year 2017.

<table>
<thead>
<tr>
<th>Ongoing</th>
<th>One-time</th>
<th>Puntuales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Audit (10 meetings)</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Administration and Control</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Auditor (9 meetings)</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Risks</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Legal Services</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Cyber-security and Data Protection</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Tax Area</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Corporate Development</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Internal Control</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Renewables Business</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Risk Management</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Innovation</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Liberalised Business</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Information Technology Organisation and Systems</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Finance and Resources</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>
Training

The Audit and Risk Supervision Committee has a Training and Information Plan that includes training sessions held during Committee meetings. 7 training sessions were held during the meetings of the Committee in financial year 2017, regarding the following topics:

<table>
<thead>
<tr>
<th>Date</th>
<th>Training sessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/04/2017</td>
<td>Report of the CNMV regarding supervision of the financial information of Ibex 35 companies during 2016.</td>
</tr>
<tr>
<td>13/06/2017</td>
<td>Status of the Renewables business.</td>
</tr>
<tr>
<td>12/07/2017</td>
<td>New electricity industry techniques.</td>
</tr>
<tr>
<td>17/07/2017</td>
<td>Monitoring of the application of the Information Technologies Policy.</td>
</tr>
<tr>
<td>03/11/2017</td>
<td>Presentation of the structure of the new audit report.</td>
</tr>
<tr>
<td>20/11/2017</td>
<td>Aspects regarding audit committees from the annual report of the CNMV regarding the corporate governance of Ibex 35 companies. Networks Business and Liberalised Business.</td>
</tr>
<tr>
<td>18/12/2017</td>
<td>Risks in the financial sector and provisions for pension funds. Latest accounting developments.</td>
</tr>
</tbody>
</table>
Appointments Committee

“The Committee has verified that the skills of the new directors contribute to the diversity and balance of the profiles on the Board of Directors of Iberdrola”

María Helena Antolín Raybaud.
Chair of the Appointments Committee.
6.a

Composition and attendance

Composition of the Committee at 31 December 2017

<table>
<thead>
<tr>
<th>Position</th>
<th>Director</th>
<th>Classification</th>
<th>Experience in people/human resources management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair</td>
<td>María Helena Antolín Raybaud</td>
<td>Independent</td>
<td>✓</td>
</tr>
<tr>
<td>Member</td>
<td>Íñigo Víctor de Oriol Ibarra</td>
<td>Other external</td>
<td>✓</td>
</tr>
<tr>
<td>Member</td>
<td>Ángel Jesús Acebes Paniagua</td>
<td>Independent</td>
<td>✓</td>
</tr>
</tbody>
</table>

* Mr Íñigo de Oriol Ibarra has spent a portion of his professional career within the Group, which gives him in-depth knowledge of the nature and requirements of the Company’s businesses, which is key for identifying the qualities needed of candidates for director.

Mr Íñigo Gómez-Jordana Moya is the secretary of this committee.

Level of attendance of each of the members of the Committee in 2017

<table>
<thead>
<tr>
<th>Number of meetings attended</th>
<th>Number of possible meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

María Helena Antolín Raybaud
Ángel Jesús Acebes Paniagua
Íñigo Víctor de Oriol Ibarra

The Committee met on 7 occasions during 2017.

<table>
<thead>
<tr>
<th>Date</th>
<th>Place</th>
<th>Date</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>19/01/2017</td>
<td>Madrid</td>
<td>11/10/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>14/02/2017</td>
<td>Madrid</td>
<td>30/11/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>25/05/2017</td>
<td>Madrid</td>
<td>11/12/2017</td>
<td>In writing</td>
</tr>
<tr>
<td>17/07/2017</td>
<td>Madrid</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Activities

Key issues in 2017

Selection and composition of the governance bodies

Review of the suitability of the appointments of Mr Francisco Martínez Córcoles and Mr Juan Manuel González Serna after analysing the needs of the Board of Directors.

- Favourable report on the appointment of Mr Francisco Martínez Córcoles as executive director and proposed appointment of Mr Juan Manuel González Serna as independent director.
- Analysis of modifying the composition of the committees of the Board of Directors, with the appointment of Ms Samantha Barber as member of the Executive Committee and of Mr Juan Manuel González Serna as member of the Remuneration Committee.
- Reports on appointments of independent directors at country subholding companies.
- Review of the Board of Directors Diversity and Director Candidate Selection Policy.

Evaluation and re-election of directors

Continued monitoring of the requirements of law and the Corporate Governance System for holding the position of director

- Annual review of the qualification and, if appropriate, independence of the directors, as well as continued compliance with the requirements of respectability, capability, expertise, competence, availability and commitment.

Conflicts of interest and related-party transactions

Ongoing review of potential conflicts of interest and related-party transactions

- Report on related-party transactions of the Iberdrola group with directors, senior officers, significant shareholders and their respective related persons.
- Analysis of potential conflicts of powers of the directors.

Other powers

- Review of the latest corporate governance trends.
- Monitoring of the action plan resulting from the evaluation process, with external advice.

Link to more information regarding regulation of the operation and powers of the Appointments Committee.
Appearances

Both officers of the Company and external experts appeared before the Committee during financial year 2017.

<table>
<thead>
<tr>
<th>Management</th>
<th>Ongoing</th>
<th>One-time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman &amp; CEO</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>External experts</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

Training

The committee has a Training and Information Plan that includes training sessions held during Committee meetings.

2 training sessions were held during the meetings of the Committee in financial year 2017, regarding the following topics:

<table>
<thead>
<tr>
<th>Date</th>
<th>Training sessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>17/07/2017</td>
<td>Best corporate governance practices.</td>
</tr>
</tbody>
</table>
“The Committee ensures that the financial and non-financial targets to which the variable remuneration of the executive directors is linked promotes sustainability and the maximisation of long-term value”.

Inés Macho Stadler.
Chair of the Remuneration Committee.
7.a

Composition and attendance

Composition of the Committee at 31 December 2017

<table>
<thead>
<tr>
<th>Position</th>
<th>Director</th>
<th>Classification</th>
<th>Experience in remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair</td>
<td>Inés Macho Stadler</td>
<td>Independent</td>
<td>✓</td>
</tr>
<tr>
<td>Member</td>
<td>Íñigo Víctor de Oriol Ibarra</td>
<td>Other external</td>
<td>✓</td>
</tr>
<tr>
<td>Member</td>
<td>Juan Manuel González Serna**</td>
<td>Independent</td>
<td>✓</td>
</tr>
</tbody>
</table>

* Mr Víctor Íñigo de Oriol Ibarra has spent a portion of his professional career within the Group, which gives him in-depth knowledge of the nature and requirements of the Company’s businesses, which is key for participating in the determination of the remuneration of the directors and senior officers.

** Mr Juan Manuel González Serna was appointed as a member of the Remuneration Committee on 31 March 2017, to replace Mr Santiago Martínez Lage.

Mr Rafael Mateu de Ros Cerezo is the secretary of this Committee.

Level of attendance of each of the members of the Committee in 2017

<table>
<thead>
<tr>
<th>Inés Macho Stadler</th>
<th>8</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Íñigo Víctor de Oriol Ibarra</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Juan Manuel González Serna</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

The Committee met on 8 occasions during 2017.

<table>
<thead>
<tr>
<th>Date</th>
<th>Place</th>
<th>Date</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>13/01/2017</td>
<td>In writing</td>
<td>24/04/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>06/02/2017</td>
<td>Madrid</td>
<td>18/07/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>20/02/2017</td>
<td>Bilbao</td>
<td>21/11/2017</td>
<td>Bilbao</td>
</tr>
<tr>
<td>29/03/2017</td>
<td>Bilbao</td>
<td>18/12/2017</td>
<td>Bilbao</td>
</tr>
</tbody>
</table>
7.b

Activities

Key issues in 2017

Director remuneration

Ensure that variable remuneration promotes the sustainability and profitability of the Company over the long term.

- Proposal to freeze the fixed remuneration of executive and non-executive directors for financial year 2017.
- Proposed calculation of the variable remuneration of the chairman & CEO for financial year 2016 based on the report on evaluation of objectives prepared by an independent external adviser.
- Proposed setting and weighting of targets to for determination of the variable remuneration of the executive directors for financial year 2017.
- Report on comparative analysis of the remuneration of independent directors at Spanish companies.

Remuneration of senior officers

Continuously review of the remuneration system of the Company to ensure that it attracts, retains and motivates the most highly qualified professionals, and that this system is aligned with the strategic goals of the Group.

- Proposal freezing of the fixed remuneration of the senior officers for financial year 2017.
- Verification of compliance with the objectives for financial year 2016 and calculation of the variable remuneration of the senior officers.
- Proposal and report on the Regulations for the 2017-2019 Strategic Bonus for executive directors, senior officers, officers and employees of Iberdrola, with the inclusion of clawback clauses.

Other powers

Decisive commitment to transparency.

- Review of remuneration trends.
- Annual Director Remuneration Report for financial year 2016.
- Report on the remuneration of the directors and senior officers set out in the half-yearly and annual financial information.
- Analysis of general remuneration schemes, as well as incentive plans and pension supplements for the Group’s workforce.
- Monitoring of the action plan resulting from the evaluation process, with external advice.

Link to more information regarding regulation of the operation and powers of the Remuneration Committee.
Appearances
Both officers of the Company and external experts appeared before the Committee during financial year 2017.

<table>
<thead>
<tr>
<th>Management</th>
<th>Ongoing</th>
<th>One-time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman &amp; CEO</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Secretary of the Board of Directors.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Management of Corporate Governance</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Human Resources Division</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>External experts</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

Training
The Committee has a Training and Information Plan that includes training sessions held during Committee meetings.
2 training sessions were held during the meetings of the Committee in financial year 2017, regarding the following topics:

<table>
<thead>
<tr>
<th>Date</th>
<th>Training sessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/04/2017</td>
<td>Remuneration of the board of directors</td>
</tr>
<tr>
<td>20/11/2017</td>
<td>Report on benchmarking of director remunerations and remunerative trends</td>
</tr>
</tbody>
</table>
Corporate Social Responsibility Committee

“The Committee endeavours to increase the Group’s contribution to and impact on society, i.e. to maximise its social dividend”

Samantha Barber.
Chair of the Corporate Social Responsibility Committee.
8.a

Composition and attendance

Composition of the Committee at 31 December 2017

<table>
<thead>
<tr>
<th>Position</th>
<th>Director</th>
<th>Classification</th>
<th>Experience in CSR/corporate governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair</td>
<td>Samantha Barber</td>
<td>Independent</td>
<td>✓</td>
</tr>
<tr>
<td>Member</td>
<td>Braulio Medel Cámara</td>
<td>Independent</td>
<td>✓</td>
</tr>
<tr>
<td>Member</td>
<td>Manuel Moreu Munaiz</td>
<td>Independent</td>
<td>✓</td>
</tr>
</tbody>
</table>

Mr Fernando Bautista Sagüés is the secretary of this Committee.

Level of attendance of each of the members of the Committee in 2017

| Samantha Barber | 8 | 8 |
| Braulio Medel Cámara | 8 | 8 |
| Manuel Moreu Munaiz | 8 | 8 |

The Committee met on 8 occasions during 2017.

<table>
<thead>
<tr>
<th>Date</th>
<th>Place</th>
<th>Date</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>16/01/2017</td>
<td>Madrid</td>
<td>24/04/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>10/02/2017</td>
<td>Madrid</td>
<td>05/06/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>20/02/2017</td>
<td>Bilbao</td>
<td>23/10/2017</td>
<td>Madrid</td>
</tr>
<tr>
<td>30/03/2017</td>
<td>Bilbao</td>
<td>18/12/2017</td>
<td>Bilbao</td>
</tr>
</tbody>
</table>
8.b Activities

Key issues in 2017

Corporate social responsibility

Supervision of the activities of the Company regarding corporate social responsibility, sustainability, innovation, employment, satisfaction and diversity.

• Analysis of expectations of the Stakeholders within the framework of the Stakeholder Relations Policy.
• Monitoring of activities in the areas of employment, satisfaction, diversity, integrity, reconciliation, accessibility and mobility.
• Monitoring of the non-financial indicators of the Company’s scorecard, linked to Mission, Vision and Values of the Iberdrola group.
• Development of the Human Rights Management System.

Corporate reputation

Review of the activities of the Company in the area of cybersecurity and the protocols for action in cases having reputational impact.

• Review of the Company’s activities in connection with Reputation and Brand, especially as regards the protocols for action in cases having significant reputational impact.
• Supervision of issues related to cyber-security with reputational significance and procedures applied for the management thereof.
• Monitoring of responsible communication and marketing activities and trends.

Corporate governance and compliance

Promote and review the Company’s corporate governance strategy.

Corporate governance:

• Monitoring of the latest corporate governance trends.
• Record changes to the crime prevention programmes.
• Report on proposed amendment of the Code of Ethics.

Other powers

• Monitoring of the action plan resulting from the evaluation process, with external advice.

Link to more information regarding regulation of the operation and powers of the Corporate Social Responsibility Committee.
Appearances

Both officers of the Company and external experts appeared before the Committee during financial year 2017.

<table>
<thead>
<tr>
<th>Management</th>
<th>Ongoing</th>
<th>One-time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation and Brand</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Compliance Unit</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Innovation, Sustainability and Quality</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Energy policies and climate change</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Investor relations</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Foundations Committee</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

Training

The Corporate Social Responsibility Committee has a Training and Information Plan that includes training sessions held during Committee meetings. 2 training sessions were held during the meetings of the Committee in financial year 2017, regarding the following topics:

<table>
<thead>
<tr>
<th>Date</th>
<th>Training sessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/06/2017</td>
<td>Best international practices and certification regarding sustainability in the sale of raw materials, especially in the steel industry and in industrial equipment</td>
</tr>
<tr>
<td>23/10/2017</td>
<td>Informational working study regarding sustainability and collaborative economy</td>
</tr>
</tbody>
</table>
Evaluation
With the support of an external advisor, Iberdrola annually evaluates the operation of the Board of Directors, of the Executive Committee and of the four consultative committees. This process verifies compliance with the legal system and the Corporate Governance System and includes a comparative analysis with more than 20 companies on best domestic and international practices. There is also monitoring of the areas of work identified the prior year. It is a complete and detailed evaluation that is intended to ensure that Iberdrola continues to be a leader in corporate governance.

Progress was made in the following areas during 2017:

### Main progress in 2017

#### Composition of the Board of Directors

- Strengthening of the checks-and-balances system with the appointment of Mr Francisco Martínez Córcoles as Business CEO (consejero-director general de los Negocios).
- Maintenance of a high percentage of independent directors with the appointment of Mr Juan Manuel González Serna as independent director.
- Modification of the Board of Directors Diversity and Director Candidate Selection Policy to further develop the demand for diversity in the composition thereof.

#### Operation

- Inclusion within the Corporate Governance System of the recommendations contained in the Technical Guide 3/2017 on audit committees at public-interest entities.
- Adaptation of the training programmes for the directors in critical areas of the market.
- Development and approval of an ongoing improvement plan for each of the consultative committees.
- Expansion of the methods to carry out the evaluation of the consultative committees, gathering the opinion of the directors regarding the operation thereof.

#### Remuneration

- Publication of the weighting of each group of targets in the annual variable remuneration of the executive directors.
- Inclusion of clawback clauses in the 2017-2019 Strategic Bonus.

#### Transparency and engagement of Stakeholders

- Update of the Stakeholder Relations Policy and the Policy on Respect for Human Rights.
- First publication of the Activities Report of the Board and of the committees thereof.
El Cabo wind farm / United States
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