

Introduction to the Book on Compliance

1. Pursuant to the provisions of article 8 of its *By-Laws*, Iberdrola's Corporate Governance System defines and includes its own internal system, which, in exercising the corporate autonomy supported by law, is established to ensure the best compliance with the social contract that binds its shareholders.
2. According to the provisions of its *By-Laws* and the *Purpose and Values of the Iberdrola group*, the Company aspires for both its own conduct as well as that of the people connected therewith to be consistent with and conform to not only the requirements or demands established by applicable rules and laws, but also, beyond this minimum required level, to its own Corporate Governance System, which includes the best practices generally accepted in the international markets in the area of good corporate governance and transparency.
In particular, the latter is one of the values making up Iberdrola's relationships with the markets and with the public in general.
3. Within the framework of the above, the Board of Directors has approved the following set of rules intended to strengthen the protection of the interests of shareholders and investors and to prevent and avoid any situation of market abuse, which are grouped within this Book V of the Corporate Governance System.
 - i. *The Internal Regulations for Conduct in the Securities Markets.*
 - ii. *The Internal Rules for the Processing of Inside Information.*
 - iii. *The Action Protocol for Investigating Possible Unlawful Uses of Inside Information.*
 - iv. *The Action Protocol for the Management of News and Rumours.*
4. These rules include the *Internal Regulations for Conduct in the Securities Markets*, which establishes a number of measures that ensure proper and transparent management of inside information, imposing certain obligations, limitations and restrictions (that go much beyond those provided by applicable law) to persons who may have access thereto due to their connection with the Group, and the *Internal Rules for the Processing of Inside Information*, which include a number of security measures for the custody, filing, accessing, reproduction and distribution of inside information. The *Internal Regulations for Conduct in the Securities Markets* also contemplate rules to prevent conduct constituting market manipulation. As a whole, the rules grouped within this Book make up a solid and efficient system designed to ensure that all investors are in equal conditions and protected against the improper use of inside information regarding the Company, as well as potential market manipulation.
5. The rules included in this Book are subject to a process of permanent review to conform them to the changing three-dimensional circumstances (business, corporate and institutional) within which Iberdrola engages in its activities and to the legal framework preventing the improper use of inside information and market manipulation, and which is binding upon its directors, officers and other professionals, as well as any persons generally who are validly bound by the rules included therein.

Bilbao, 19 February 2019

The Board of Directors of Iberdrola, S.A.