

Introduction to the Corporate Policies

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. An essential piece of Iberdrola's Corporate Governance System are the *Corporate Policies*, which establish, within the framework of the law and the *By-Laws*, guidelines for conduct that further develop and specify the provisions of the *Purpose and Values of the Iberdrola group*, channelling the behaviour of the shareholders, directors, officers and other professionals of Iberdrola. The *Corporate Policies* use conduct guidelines to specify the business and ethical ideas, principles and values that make up the ideological and axiological foundation of Iberdrola, its directors, officers and other professionals, while serving as a framework of reference for the exercise of rights by its professionals.
3. As a result of this function of threading together and solidifying principles into patterns of actions and procedures, the *Corporate Policies* play a fundamental role in the Corporate Governance System. Above all, the *Corporate Policies* meet the function of delineating the corporate interest, which, although defined in the *By-Laws*, permits and even specifies an additional more detailed solidification to reduce the "grey zone" to the extent possible, which is intrinsic to a partially indeterminate legal concept. At the same time, consistent with the above, the conformity of any actions at or by Iberdrola to its *Corporate Policies* in itself entails a *prima facie* and of course *iuris tantum* presumption of instrumentality and consistency with the corporate interest, and, in sum, of legitimacy and validity.
4. Recognition of the role and importance of the *Corporate Policies* and the assignment of the approval thereof to the Board of Directors consistent with the provisions of law, and in the cases of the *Director Remuneration Policy* to the shareholders acting at a General Shareholders' Meeting and of the *Statutory Auditor Contracting and Relations Policy* to the Audit and Risk Supervision Committee, should be deemed to be without prejudice to the powers that the law and the Corporate Governance System itself give to the shareholders acting at a General Shareholders' Meeting, the highest decision-making body of the Company, which ultimately ratifies the management of the Company.
5. Like the rest of the Corporate Governance System, albeit with greater intensity, the *Corporate Policies* are subject to a process of constant review, because this work of giving shape to ideas, values and principles in guidelines or protocols of conduct can and should be subject to ongoing attention in order to adjust it to the changing circumstances within which the work of Iberdrola unfolds in its three dimensions: business, corporate and institutional. The Company has multiple channels and pathways of dialogue with its stakeholders for these purposes.
6. Iberdrola's *Corporate Policies* currently number more than forty, are structured into three distinct categories (corporate governance and regulatory compliance, corporate risks and risks specific to the various businesses of the Group, and social responsibility), and bind those who act with or are related to Iberdrola, to the extent applicable thereto.

Bilbao, 19 February 2019

The Board of Directors of Iberdrola, S.A.