Introduction to the Governance Rules of the Corporate Decision-Making Bodies and of other Functions and Internal Committees

1. Iberdrola’s Corporate Governance System is its own internal framework of rules, which is established, in the exercise of the corporate autonomy that the law supports, to ensure through its rules the preservation of its identity and philosophy, the achievement of its goals and objectives, and in sum, the realisation of its purpose and values.

2. The governance rules of the corporate decision-making bodies and of other functions and internal committees represent one of the five regulatory foundations or sets making up the Company’s Corporate Governance System. They establish the rules of operation of the main corporate bodies of Iberdrola, in accordance with its nature and characteristics as a listed holding company, the holder of an international energy production and distribution enterprise of unquestionable economic and social significance, guided by the purpose and the values that identify it.

3. Consistent with its size and international nature, Iberdrola’s group of companies is structured around three different levels: i) that of the holding company, Iberdrola, S.A.; ii) that of the country subholding companies, established in those countries and/or businesses in which Iberdrola’s Board of Directors has so decided; and iii) that of the head of business companies, which handle the day-to-day administration and effective management of each of the businesses in which the Group engages in one or more countries, as well as the day-to-day control thereof.

   In turn, three levels of decision-making are differentiated within the holding company: i) that of the shareholders acting at a General Shareholders’ Meeting, the sovereign decision-making body that constitutes the shareholders’ main channel of communication at the Company; ii) that of the Board of Directors, which has the broadest powers to administer and represent the Company, and particularly to establish and supervise, with the help of its committees, the general development of the strategies, policies and guidelines that must be followed by Iberdrola as holding company and the Group as a whole; and finally iii) that corresponding to senior management, led by the chairman of the Board of Directors & CEO, who, together with the rest of the management team and with the technical support of the Operating Committee, assumes the duty of strategic organisation and coordination of the Group.

4. Based on these foundations contained in the By-Laws and always with a view to proper compliance with and implementation of the Purpose and Values of the Iberdrola group, the governance rules of the corporate decision-making bodies and other internal committees meet the primary goal of regulating the most appropriate levels and most suitable procedures for the proper operation of Iberdrola and its internal bodies and committees, defining the creation, composition, organisation, powers and operating guidelines thereof, among other aspects, as well as the rights, duties and obligations of their members.

   They are grouped into Book IV of the Corporate Governance System, and currently consist of the following:

   i. The Regulations for the General Shareholders’ Meeting.
   ii. The Regulations for the Electronic Shareholders’ Forum.
   iii. The Regulations of the Board of Directors.
   iv. The Regulations of the Audit and Risk Supervision Committee.
   v. The Basic Internal Audit Regulations.
   vi. The Regulations of the Appointments Committee.
   vii. The Regulations of the Remuneration Committee.
   viii. The Regulations of the Sustainable Development Committee.
   ix. The Regulations of the Compliance Unit.
   x. The Internal Rules on Composition and Duties of the Operating Committee.

5. Like the rest of the Corporate Governance System, the governance rules of the corporate decision-making bodies and other internal committees bind all those acting or relating thereto, to the extent applicable to them.

In Bilbao, on 21 July 2020
The Board of Directors of Iberdrola, S.A.