

## Introduction to the Purpose and Values of the Iberdrola group and to its Code of Ethics

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, and particularly the ends, interests and objectives defined therein.
2. The *By-Laws*, the essential regulatory core of the System, and the other elements included therein (organic regulations, corporate policies, etc.) draw upon a purpose and certain values defined by the Board of Directors that make up the ideological and axiological basis of the Company and that sustain its corporate enterprise, guide its strategy and conduct, govern its day-to-day activities and guide the ethical behaviour of the entire human team participating in the realisation thereof.
3. The purpose of the Group, its *raison d'être*, is none other than *to continue building together each day a healthier, more accessible energy model, based on electricity*. In accordance with more recent developments and best practices in the area of corporate governance, this purpose on the one hand replaces, by its inclusion, the mission and vision that the Iberdrola group has until now been hewing to, and on the other hand identifies the ultimate objective thereof, the purpose guiding its business, corporate and institutional reality and which makes it a leading driver of the sustainable economic advancement and social progress of all stakeholders with which it relates and of the communities in which it does business. Such proposal gives root to the social dividend, which together with the economic dividend, are approved by the *By-Laws*, and which represent the true contribution of the group to the different economic and social environments in which it is involved.
4. In turn, the Group's purpose is based on three corporate values: sustainable energy, integrating force and driving force, all of which express its desire for engagement with and commitment to the social reality in which its business takes place, with the demands and circumstances and challenges and opportunities thereof.
5. The corporate purpose and values, formalised within the *Purpose and Values of the Iberdrola group*, on the one hand, constitute the general principles informing the Corporate Governance System, and on the other form the basis for the *Code of Ethics*, a norm which, being binding upon and of mandatory compliance for the directors, professionals and suppliers of the group, expresses the additional commitment made by all of them in the implementation and achievement thereof.
6. The *Purpose and Values of the Iberdrola group*, together with the *Code of Ethics*, are thus formally included in its Corporate Governance System, providing content for Book Two, and thereby acquiring the regulatory value they deserve.

With the identification, formulation and approval hereof, Iberdrola's Board of Directors reiterates its commitment and that of the group to ethics, sustainable development and the creation of value by means of an enterprise shared with those who participate or relate thereto in its various activities.

Bilbao, 19 February 2019

The Board of Directors of Iberdrola, S.A.